

CITY OF ALLEN PARK
WAYNE COUNTY, MICHIGAN
COMPREHENSIVE ANNUAL FINANCIAL REPORT
JUNE 30, 2006

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input checked="" type="checkbox"/> City <input type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name City of Allen Park	County Wayne
Fiscal Year End June 30, 2006	Opinion Date October 11, 2006	Date Audit Report Submitted to State December 8, 2006	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

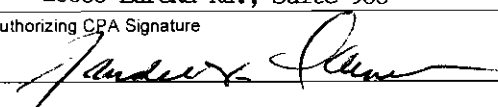


Check each applicable box below. (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☐ ☒ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☐ ☒ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>		
Other (Describe)	<input type="checkbox"/>		
Certified Public Accountant (Firm Name) Darnell & Meyering, P.C.		Telephone Number (734) 246-9240	
Street Address 20600 Eureka Rd., Suite 900		City Taylor	State MI
Zip 48180		License Number 13139	
Authorizing CPA Signature 		Printed Name Randall H. Darnell	

CITY OF ALLEN PARK
Comprehensive Annual Financial Report
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July 1, 2004 to June 30, 2006

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DARNELL & MEYERING, P.C.

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MEMBERS
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
MICHIGAN ASSOCIATION OF
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

To the Mayor and Elected Officials of the Council
City of Allen Park
16850 Southfield Road
Allen Park, MI 48101

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Allen Park, Michigan, as of and for the year ended June 30, 2006, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Allen Park, Michigan's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

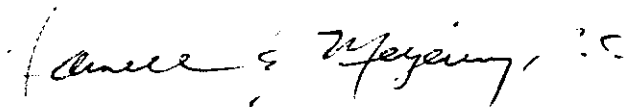
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Allen Park, Michigan, as of June 30, 2006, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information on pages v-ix and 37-38, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and

presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Allen Park, Michigan's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statement taken as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statement and, accordingly, we express no opinion on it.

DARNELL & MEYERING, P.C.

A handwritten signature in cursive script, appearing to read "Darnell & Meyering, P.C.", is written over the printed name.

October 11, 2006

City of Allen Park
Management's Discussion and Analysis (MD&A)
Year ended June 30, 2006

OVERVIEW OF FINANCIAL STATEMENTS

The City of Allen Park, Michigan (the "City") 2006 annual financial report is presented in conformity with the requirements of GASB Statement No. 34. This annual report consists of four parts – management's discussion and analysis, the basic financial statements, required supplemental information and other supplemental information. The basic financial statements include two kinds of statements that present different views of the City. The first two statements are government-wide financial statements that provide both short-term and long-term information about the City's status. The remaining statements are fund financial statements that focus on individual parts of the City's operations.

Government-wide financial statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The statement of Net Assets presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements outline functions of the City that are principally supported by revenues received from the State of Michigan and the taxpayers of the City of Allen Park.

Fund financial statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into six categories. They are:

- A. General Government – General
- B. Special Revenue – Major and Local Streets, Sidewalk, Building, Drug Law Enforcement, and Library.
- C. Debt Service – 2003 Community Center Construction Debt.

D. Capital Projects – Community Center Construction.

E. Enterprise – Water & Sewer.

F. Trust and Agency – Pension Trust, Public Employee Health, and Tax Collection.

All other funds are component units (see pages 14 and 15 of the notes to the financial statements).

Financial Highlights

The General Fund reported revenue in excess of expenditures of \$557,740, resulting in an increase in the General Fund balance to \$2,360,959. Of this amount, \$821,523 is unreserved and undesignated, or 3.8 percent, of General Fund expenditures.

A complete reorganization of City Hall was implemented within the past year. Five appointed positions accepted the same early retirement incentive that was offered to the COAM and AFSCME bargaining units last year. As a result, several offices and operations have been combined, offering better customer service at a reduced cost.

The City transitioned its prescription coverage from a fully insured plan to one which is self insured. While it will take 2- 3 years to develop a comprehensive trend analysis, it resulted in an approximate savings of \$400,000 in its first year of implementation.

In looking ahead to compliance with GASB 43 & 45, the City established a Public Employee Health Fund. The City has been operating on a “pay as you go” basis in regards to OPEB (Other Post Employment Benefits). Beginning with the fiscal year ending June 30, 2009, the City will be required to recognize the actuarial determined liability on its balance sheet for purposes of GASB 34. Early estimates have determined that the present value of the future benefits for current and retired participants is approximately \$70,000,000.

Governmental Activities

Net assets may serve over time as a useful indicator of a government’s financial position. In the case of the City, assets exceeded liabilities by \$90,202,700 in the current year compared to \$92,363,551 in the prior year.

The largest portion of the City’s net assets reflects its investment in capital assets (e.g., land and improvements, buildings and improvements, vehicles, furniture and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to the public; consequently, these assets are not available for future spending. Although the City’s investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The City’s financial position is the product of a number of transactions including the net results of its activities, the payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets.

Net Assets for the period ended June 30, 2005 and 2006:

	Governmental Activities		Business-Type Activities		Total	
	2006	2005	2006	2005	2006	2005
Assets						
Current Assets	\$ 6,171,894	\$ 4,865,082	\$ 7,016,325	\$ 4,715,295	\$ 13,188,219	\$ 9,580,377
Noncurrent Assets	93,827,145	97,185,816	42,352,496	40,421,140	136,179,641	137,606,956
Total Assets	<u>99,999,039</u>	<u>102,050,898</u>	<u>49,368,821</u>	<u>45,136,435</u>	<u>149,367,860</u>	<u>147,187,333</u>
Liabilities and Net Assets						
Current Liabilities	1,891,430	1,562,885	4,361,793	4,614,367	6,253,223	6,177,252
Noncurrent Liabilities	7,904,909	8,124,462	27,089,573	24,895,010	34,994,482	33,019,472
Total Liabilities	<u>9,796,339</u>	<u>9,687,347</u>	<u>31,451,366</u>	<u>29,509,377</u>	<u>41,247,705</u>	<u>39,196,724</u>
Net Assets						
Invested in Capital Assets						
Net of Related Debt	87,332,712	92,013,092	13,476,545	13,951,263	100,809,257	105,964,355
Contributed Capital	-	-	939,764	939,764	939,764	939,764
Restricted	-	-	1,017,344	608,837	1,017,344	608,837
Unrestricted	2,869,988	350,459	2,483,802	127,194	5,353,790	477,653
Total Net Assets	<u>\$ 90,202,700</u>	<u>\$ 92,363,551</u>	<u>\$ 17,917,455</u>	<u>\$ 15,627,058</u>	<u>\$ 108,120,155</u>	<u>\$ 107,990,609</u>

The following table presents a summary of revenue and expense for the fiscal year ended June 30, 2005 and 2006:

	Governmental Activities		Business-Type Activities		Total	
	2006	2005	2006	2005	2006	2005
Revenues						
General Revenues	\$ 21,794,683	\$ 24,249,142	\$ 4,872,941	\$ 1,912,578	\$ 26,667,624	\$ 26,161,720
Charges for Services	3,389,324	3,183,201	6,026,039	5,466,236	9,415,363	8,649,437
Operating Grants & Contributions	555,440	445,214	-	-	555,440	445,214
Capital Grants & Contributions	-	230,309	-	-	-	230,309
Total Revenues	25,739,447	28,107,866	10,898,980	7,378,814	36,638,427	35,486,680
Program Expenses including Indirect Expenses						
General Government	8,215,204	7,391,201	-	-	8,215,204	7,391,201
Public Safety	9,506,768	9,789,652	-	-	9,506,768	9,789,652
Highways and Streets	2,563,407	4,157,341	-	-	2,563,407	4,157,341
Sanitation	1,747,871	2,053,430	-	-	1,747,871	2,053,430
Recreation and Culture	1,482,566	2,044,645	-	-	1,482,566	2,044,645
Interest Expense	307,839	311,088	-	-	307,839	311,088
Unallocated Depreciation Expense	4,076,643	4,093,375	-	-	4,076,643	4,093,375
Water and Sewer	-	-	8,608,583	6,712,310	8,608,583	6,712,310
Total Expenses	27,900,298	29,840,732	8,608,583	6,712,310	36,508,881	36,553,042
Change in Net Assets	\$ (2,160,851)	\$ (1,732,866)	\$ 2,290,397	\$ 666,504	\$ 129,546	\$ (1,066,362)

Current Economic Conditions

The City continues to maintain positive fund balances in each of its funds. The major sources of revenue for the City are property taxes and state shared revenue. While the City's taxable value of property has increased slightly, it has not grown at the same rate as other expenditures (e.g. health care.) In addition, the State of Michigan continues to use reductions in state shared revenue as a means to alleviate their budget deficits. We must continue to plan long term, balancing cost reductions with the level of service that our citizens have grown accustomed to.

Economic Factors and Next Year's Budget

The City needs to closely monitor its budget for next year as it continues to take on possible reductions in state-shared revenue, increasing health care costs and lack of significant growth in property tax revenue due to the impact of Proposal A and the Headlee Amendment. The cost savings achieved by the early retirement incentive will need to be weighed against the increasing pension and health care contributions. No local tax increase is expected in the future but city services will continue to be evaluated if the financial pressures continue.

Contacting the City's Management

This financial report is intended to provide citizens, taxpayers, customers and investors with a general overview of the City's finances and to show the City's accountability for the money it receives. For additional questions about this report or additional information, requests should be directed to the City Administrator (313) 928-2473 or mail to 16850 Southfield Road, Allen Park, MI 48101.

City of Allen Park
Statement of Net Assets
June 30, 2006

	Governmental Activities	Business-type Activities	Total	Component Units
Assets				
Current Assets:				
Cash and Cash Equivalents	\$ 4,582,820	\$ 3,436,652	\$ 8,019,472	\$ 6,095,498
Receivables:				
Taxes (Net)	344,382	568,299	912,681	-
Accounts	71,435	675,010	746,445	-
Intergovernmental	113,935	-	113,935	-
Interest	-	13,340	13,340	16,334
Due From Agency Funds	4,508	-	4,508	-
Due From Component Unit	2,500	-	2,500	-
Due From Primary Government	-	-	-	65,008
Internal Balances, Governmental & Business-type	166,829	(166,829)	-	-
Inventory	-	107,443	107,443	165
Prepaid Expenses	882,235	1,871,462	2,753,697	23,285
Restricted Cash and Cash Equivalents	-	507,870	507,870	391,564
Current Portion of Bond Discount	3,250	3,078	6,328	-
Total Current Assets	<u>6,171,894</u>	<u>7,016,325</u>	<u>13,188,219</u>	<u>6,591,854</u>
Noncurrent Assets:				
Capital Assets Not Being Depreciated	39,704,448	219,439	39,923,887	232,765
Capital Assets Being Depreciated	149,016,636	54,647,372	203,664,008	9,837,357
Less Accumulated Depreciation	(94,952,439)	(12,565,215)	(107,517,654)	(3,852,821)
Bond Discount, Net of Current Portion	58,500	50,900	109,400	-
Total Noncurrent Assets	<u>93,827,145</u>	<u>42,352,496</u>	<u>136,179,641</u>	<u>6,217,301</u>
Total Assets	<u>\$ 99,999,039</u>	<u>\$ 49,368,821</u>	<u>\$ 149,367,860</u>	<u>\$ 12,809,155</u>

	Governmental Activities	Business-type Activities	Total	Component Units
Liabilities And Net Assets				
Current Liabilities:				
Accounts Payable and Other Current Liabilities	\$ 1,227,103	\$ 630,432	\$ 1,857,535	\$ 215,148
Accrued Interest Payable	98,346	137,847	236,193	80,017
Due to Primary Government	-	-	-	2,500
Due to Component Unit	-	65,008	65,008	-
Due to Other Governments	171,848	-	171,848	-
Deferred Revenue	74,155	1,733,615	1,807,770	-
Current Portion of Compensated Absences	241,319	5,940	247,259	-
Current Portion of Note Payable	3,659	-	3,659	-
Current Portion of Bonds Payable	75,000	1,788,951	1,863,951	425,000
Total Current Liabilities	1,891,430	4,361,793	6,253,223	722,665
Noncurrent Liabilities:				
Compensated Absences, Net of Current Portion	1,547,635	53,473	1,601,108	-
Note Payable, Net of Current Portion	7,274	-	7,274	-
Bonds Payable, Net of Current Portion	6,350,000	27,036,100	33,386,100	6,780,000
Total Noncurrent Liabilities	7,904,909	27,089,573	34,994,482	6,780,000
Total Liabilities	9,796,339	31,451,366	41,247,705	7,502,665
Net Assets:				
Invested in Capital Assets Net of Related Debt	87,332,712	13,476,545	100,809,257	(987,699)
Contributed Capital	-	939,764	939,764	-
Restricted for:				
Debt Service	-	190,015	190,015	741,915
Replacement - Basin/Sewer	-	534,149	534,149	-
Water Improvement	-	211,886	211,886	-
Meter Maintenance	-	81,294	81,294	-
Unrestricted	2,869,988	2,483,802	5,353,790	5,552,274
Total Net Assets	\$ 90,202,700	\$ 17,917,455	\$ 108,120,155	\$ 5,306,490

The accompanying notes are an integral part of the financial statements.

City of Allen Park
Statement of Activities
Year Ended June 30, 2006

Functions/programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets				
	Expenses	Charges for Services	Capital Grants and Contributions		Primary Government				
			Operating Grants & Contributions	Capital Grants Contributions	Governmental Activities	Business-Type Activities	Total	Component Units	
Governmental activities:									
General Government	\$ 8,215,204	\$ 3,389,324	\$ 248,582	\$ -	\$ (4,577,298)	\$ -	\$ (4,577,298)	\$ -	
Public Safety	9,506,768	-	306,858	-	(9,199,910)	-	(9,199,910)	-	
Highway and Streets	2,563,407	-	-	-	(2,563,407)	-	(2,563,407)	-	
Sanitation	1,747,871	-	-	-	(1,747,871)	-	(1,747,871)	-	
Recreation and Culture	1,482,566	-	-	-	(1,482,566)	-	(1,482,566)	-	
Interest Expense	307,839	-	-	-	(307,839)	-	(307,839)	-	
Unallocated Depreciation Expense	4,076,643	-	-	-	(4,076,643)	-	(4,076,643)	-	
Total Governmental Activities	27,900,298	3,389,324	555,440	-	(23,955,534)	-	(23,955,534)	-	
Business-type activity:									
Water and Sewer	8,608,583	6,026,039	-	-	-	(2,582,544)	(2,582,544)	-	
Total Primary Government	\$ 36,508,881	\$ 9,415,363	\$ 555,440	\$ -	\$ (23,955,534)	\$ (2,582,544)	\$ (26,538,078)	\$ -	
Component Units:									
Downtown Development Authority	1,023,016	-	-	-	-	-	-	(1,023,016)	
Building Authority	92,947	-	-	-	-	-	-	(92,947)	
Housing Commission	256,213	-	169,875	-	-	-	-	(86,338)	
Brownfield Redevelopment	-	-	-	-	-	-	-	-	
Total Component Units:	\$ 1,372,176	\$ -	\$ 169,875	\$ -	\$ -	\$ -	\$ -	\$ (1,202,301)	

Net (Expense) Revenue and Changes in Net Assets

	<u>Primary Government</u>			
	Governmental Activities	Business-Type Activities	Total	Component Units
General Revenues:				
Property taxes	\$ 12,804,501	\$ 4,593,103	\$ 17,397,604	\$ 1,244,816
State-Shared Revenues	5,430,062	-	5,430,062	-
Rentals	-	-	-	357,900
Investment Earnings	592,904	129,651	722,555	270,714
Miscellaneous	2,931,710	150,187	3,081,897	7,364
Special Item - Gain (Loss) on Sale of Capital Asset	35,506	-	35,506	-
Transfers	-	-	-	-
Total General Revenues	21,794,683	4,872,941	26,667,624	1,880,794
Change in Net Assets	(2,160,851)	2,290,397	129,546	678,493
Net Assets - Beginning	92,363,551	15,627,058	107,990,609	4,627,997
Net Assets - Ending	\$ 90,202,700	\$ 17,917,455	\$ 108,120,155	\$ 5,306,490

The accompanying notes are an integral part of the financial statements.

City of Allen Park
Balance Sheet
Governmental Funds
June 30, 2006

	General Fund	Community Center Construction Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
Assets:				
Cash & Cash Equivalents	\$ 2,162,834	\$ -	\$ 2,419,986	\$ 4,582,820
Receivables:				
Taxes	326,130	-	18,252	344,382
Assessments	-	-	-	-
Other	174,165	-	-	174,165
Due From Other Funds	287,989	-	147,805	435,794
Due From Other Governments	11,205	-	-	11,205
Prepaid Expenses	878,632	-	3,603	882,235
Total Assets	\$ 3,840,955	\$ -	\$ 2,589,646	\$ 6,430,601

Liabilities and Fund Balances

Liabilities:				
Accounts Payable	\$ 500,647	\$ -	\$ 281,647	782,294
Accrued Payroll	159,745	-	-	159,745
Due To Other Funds	293,171	-	140,584	433,755
Due To Other Governments	50	-	-	50
Compensated Absences Payable	241,319	-	-	241,319
Deferred Revenue	-	-	74,155	74,155
Escrow Funds and Deposit	285,064	-	-	285,064
Total Liabilities	1,479,996	-	496,386	1,976,382

Fund Balances:				
Designated for Debt Service	-	-	(27,507)	(27,507)
Designated for Solid Waste	329,164	-	-	329,164
Designated for Subsequent Years	331,640	-	419,515	751,155
Reserved for Prepaid Expenses	878,632	-	3,603	882,235
Unreserved, Undesignated	821,523	-	1,697,649	2,519,172
Total Fund Balances	2,360,959	-	2,093,260	4,454,219
Total Liabilities and Fund Balances	\$ 3,840,955	\$ -	\$ 2,589,646	\$ 6,430,601
Total Governmental Fund Balances				\$ 4,454,219
Amounts reported for governmental activities in the statement of net assets are different because:				
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.				
The cost of capital assets is			\$ 188,721,084	
Accumulated depreciation is			(94,952,439)	93,768,645
Long term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.				(1,547,635)
Compensated absences and severance benefits				(6,374,183)
Bonds and notes payable (net of discount)				(98,346)
Accrued interest payable is not included as a liability in governmental funds.				
Net assets of governmental activities				\$ 90,202,700

The accompanying notes are an integral part of the financial statements.

City of Allen Park
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
June 30, 2006

	General Fund	Community Center Construction Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
Revenues:				
Taxes	\$ 11,974,388	\$ -	\$ 830,113	\$ 12,804,501
Intergovernmental:				
State	3,692,128	-	1,777,002	5,469,130
Federal and State Grants	221,140	-	-	221,140
District Court	2,278,118	-	-	2,278,118
Local Sources	5,674	-	50,808	56,482
Fees	1,256,461	-	501,426	1,757,887
Interest Income	501,947	1,101	89,856	592,904
Other Revenue	2,216,921	-	306,858	2,523,779
Total Revenues	<u>22,146,777</u>	<u>1,101</u>	<u>3,556,063</u>	<u>25,703,941</u>
Expenditures:				
Current:				
Sanitation	1,747,871	-	-	1,747,871
General Government	7,024,358	12,827	1,270,801	8,307,986
Public Safety	9,679,276	-	-	9,679,276
Highway and Streets	1,585,825	-	1,085,277	2,671,102
Recreation and Culture	1,485,931	-	-	1,485,931
Debt Service:				
Principal retirements	2,926	-	50,000	52,926
Interest	2,833	-	296,163	298,996
Capital Outlay	-	74,533	411,815	486,348
Total Expenditures	<u>21,529,020</u>	<u>87,360</u>	<u>3,114,056</u>	<u>24,730,436</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>617,757</u>	<u>(86,259)</u>	<u>442,007</u>	<u>973,505</u>
Other Financing Sources (Uses):				
Transfer In	-	-	768,331	768,331
Transfer Out	(96,105)	(102,354)	(569,872)	(768,331)
Proceeds From Sale of Fixed Assets	36,088	-	-	36,088
Bond Discount - Comm. Center Bonds	-	-	(65,000)	(65,000)
Total Other Financing Sources (Uses):	<u>(60,017)</u>	<u>(102,354)</u>	<u>133,459</u>	<u>(28,912)</u>
Net Change in Fund Balances	557,740	(188,613)	575,466	944,593
Fund Balances:				
Beginning of Year	1,803,219	188,613	1,517,794	3,509,626
End of Year	<u>\$ 2,360,959</u>	<u>\$ -</u>	<u>\$ 2,093,260</u>	<u>\$ 4,454,219</u>

The accompanying notes are an integral part of the financial statements.

City of Allen Park
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
To the Statement of Activities
Year Ended June 30, 2006

Net change in fund balances - total governmental funds	\$ 944,593
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Depreciation expense	(4,076,643)
Capital outlay	721,804
Gain on asset disposals	35,506
Proceeds from sale of assets	(36,088)
Repayments of principal on long-term debt is an expenditure in the governmental funds, but not in the statement of activities (where it is a reduction of liabilities)	
Principal payments on bonds and note payable	52,926
Accrued interest is recorded in the statement of activities when incurred; it is not reported in governmental funds until paid	
Accrued interest payable beginning of the year	92,753
Accrued interest payable end of the year	(98,346)
Amortization of bond discount increases interest expense in the statement of activities	(3,250)
Bond discounts are recorded as expenditures in the governmental funds	65,000
Compensated absences are reported on the accrual method in the statement of activities. However, in the governmental funds, compensated absences are recorded as an expenditure when the financial resources are used.	
Accrued compensated absences beginning of the year	1,688,529
Accrued compensated absences end of the year	<u>(1,547,635)</u>
Change in net assets of governmental activities	<u>\$ (2,160,851)</u>

The accompanying notes are an integral part of the financial statements.

City of Allen Park
Proprietary Funds
Statement of Net Assets
June 30, 2006

	Water and Sewer Fund
Assets	
Current Assets:	
Cash and Cash Equivalents	\$ 3,436,652
Interest Receivable	13,340
Customers Accounts Receivable:	675,010
Tax Roll:	
Current	116,179
Delinquent	452,120
Inventory	107,443
Prepaid Bond Expense	1,871,462
Current Portion Bond Discount	3,078
Total Current Assets	<u>6,675,284</u>
Noncurrent Assets:	
Restricted Cash and Cash Equivalents - basin/sewer account	507,870
Capital Assets	54,866,811
Less: Accumulated Depreciation	(12,565,215)
Bond Discount, Net of Current Portion	50,900
Total Noncurrent Assets	<u>42,860,366</u>
Total Assets	<u><u>\$ 49,535,650</u></u>

The accompanying notes are an integral part of the financial statements.

City of Allen Park
Proprietary Funds
Statement of Net Assets
June 30, 2006

	Water and Sewer Fund
Liabilities and Net Assets	
Current Liabilities:	
Accounts Payable	\$ 601,054
Accrued Interest Payable	137,847
Accrued Payroll	25,817
Deferred Revenue	1,733,615
Due to General Fund	166,829
Due to D.D.A. Bond Debt Retirement Fund	65,008
Compensated Absences Payable	5,940
Deposits Payable	3,561
Current Portion of Bonds Payable SRF	1,588,951
Current Portion of General Obligation Bonds Payable	200,000
Total Current Liabilities	4,528,622
Long Term Liabilities:	
Compensated Absences Payable	53,473
Bonds Payable SRF	21,336,100
General Obligation Bonds Payable	5,700,000
Total Long Term Liabilities	27,089,573
Total Liabilities	31,618,195
Net Assets:	
Invested in Capital Assets - Net of Related Debt	13,476,545
Contributed Capital-Sewer Grants	939,764
Restricted For:	
Reserve for Debt Service	190,015
Reserve for Replacement - Basin/Sewer	534,149
Reserve for Future Water Improvement	211,886
Reserve for Meter Maintenance	81,294
Unrestricted	2,483,802
Total Net Assets	\$ 17,917,455

The accompanying notes are an integral part of the financial statements.

City of Allen Park
Proprietary Funds
Statement of Revenues, Expenses and Changes in Net Assets
Year Ended June 30, 2006

	Water and Sewer Fund
Operating Revenues	
Water Sales	\$ 2,469,494
Sewage Disposal Services	3,269,130
Penalties	123,711
Miscellaneous	313,891
Total Operating Revenues	<u>6,176,226</u>
Operating Expenses	
Operating Costs	2,819,860
Personal Services	1,795,885
Utilities	96,491
Repairs and Maintenance	248,658
Supplies and Other Expenses	176,914
Depreciation	1,197,194
Total Operating Expenses	<u>6,335,002</u>
Operating Income (Loss)	<u>(158,776)</u>
Nonoperating Revenues (Expenses)	
Interest and Investment Revenue	129,651
Interest Expense	(402,119)
Consent Judgment - Sewers	1,930,302
ECPAD Reimbursement - Wayne County	791,339
Total Nonoperating Revenue (Expense)	<u>2,449,173</u>
Change in Net Assets	2,290,397
Total Net Assets - Beginning	<u>15,627,058</u>
Total Net Assets - Ending	<u><u>\$ 17,917,455</u></u>

The accompanying notes are an integral part of the financial statements.

City of Allen Park
Proprietary Funds
Statement of Cash Flows
For Fiscal Year Ended June 30, 2006

	Water and Sewer Fund
Cash Flows From Operating Activities:	
Receipts from Customers	\$ 5,596,282
Payments to Suppliers	(5,294,198)
Penalties Received	123,711
Net Cash Provided by Operating Activities	<u>425,795</u>
Cash Flows from Non-Capital Financing Activities:	
Intergovernmental charges	(165)
Consent Judgment Monies Received	2,064,578
ECPAD Reimbursement	791,339
Transfer to other funds	(202,378)
Miscellaneous Revenue	313,891
Net Cash Provided by Non-Capital Activities:	<u>2,967,265</u>
Cash Flows from Capital and Related Financing Activities:	
Proceeds from Issuance of Bonds	3,968,444
Principal and Interest Paid on Bonds	(2,000,691)
Purchase of Fixed Assets	(3,101,651)
Decrease in Restricted Assets	419,954
Net Cash (Used) by Capital and Related Financing Activities	<u>(713,944)</u>
Cash Flows From Investing Activities:	
Investment Interest	116,311
Net Cash Provided by Investing Activities	<u>116,311</u>
Net Increase in Cash and Cash Equivalents	2,795,427
Beginning Cash and Equivalents, July 1, 2005	641,225
Ending Cash & Equivalents, June 30, 2006	<u><u>\$ 3,436,652</u></u>
Reconciliation of Operating Income to Net Cash Provided (Used)	
By Operating Activities:	
Operating Loss	<u>\$ (472,502)</u>
Adjustment to Reconcile Operating Income to Net Cash Provided	
By Operating Activities:	
Depreciation Expense	1,197,195
Increase in Accounts Receivable	(37,726)
Increase in Tax Roll	(108,177)
Increase in Inventory	(24,636)
Decrease in Accounts Payable	(181,872)
Increase in Accrued Payroll	25,817
Increase in Compensated Absences Payable	24,135
Increase in Deposits Payable	3,561
Total Adjustments	<u>898,297</u>
Net Cash Provided by Operating Activities	<u><u>\$ 425,795</u></u>

The accompanying notes are an integral part of the financial statements.

City of Allen Park
Fiduciary Funds
Statement of Net Assets
Year Ended June 30, 2006

		<u>Agency Funds</u>	
	Pension	Public	Tax
	Trust	Employee	Collection
		Health	Fund
		Fund	
Assets:			
Cash and Cash Equivalents	\$ 2,586,227	\$ 286,534	\$ 6,226
Due From General Fund	-	171,798	-
Accrued Interest and Dividends	232,258	-	-
Investments - at Fair Value			
U.S Government Obligations	16,437,700	-	-
Domestic Stocks	27,202,357	-	-
Mortgage Backed Securities	2,437,375	-	-
Bonds	5,065,397	-	-
Mutual Funds	23,580,588	-	-
Total Investments	74,723,417	-	-
Total Assets	<u>\$ 77,541,902</u>	<u>\$ 458,332</u>	<u>\$ 6,226</u>
Liabilities and Fund Balances			
Liabilities:			
Accounts Payable	-	562	-
Due to Other Funds	-	-	4,508
Payable to Other Gov. Agencies	-	-	1,718
Payable to Retiree Benefits	-	457,770	-
Total Liabilities	<u>-</u>	<u>\$ 458,332</u>	<u>\$ 6,226</u>
Net Assets:			
Held in Trust for Pension Benefits	77,541,902		
Total Net Assets	<u>\$ 77,541,902</u>		

The accompanying notes are an integral part of the financial statements.

City of Allen Park
Fiduciary Funds
Statement of Changes in Net Assets
For the Fiscal Year Ended June 30, 2006

	Pension Fund
Additions:	
Contributions Employer:	
Police & Fire	\$ 933,808
General	487,690
Water & Basin	156,779
24th District Court	207,578
Total Employer	1,785,855
Plan Members	577,296
Total Contributions	<u>2,363,151</u>
Investment Income:	
Net (depreciation) in Fair Value of Investments	(1,607,748)
Interest and Dividends	2,712,651
Miscellaneous	9,197
Gain on Sale of Investments	3,518,955
Total Investment Income	<u>4,633,055</u>
Less: Investment Expenses:	
Actuarial Services	35,025
Legal	5,247
Securities Lending Expenses:	
Agency Fee	105,554
Miscellaneous	1,817
Total Investment Expenses	<u>147,643</u>
Net Investment Income	<u>4,485,412</u>
Total Additions	6,848,563
Deductions:	
Benefits	4,638,935
Refunds	48,201
Total Deductions	<u>4,687,136</u>
Change in Net Assets	2,161,427
Net Assets - Beginning	75,380,475
Net Assets - Ending	<u><u>\$ 77,541,902</u></u>

The accompanying notes are an integral part of the financial statements.

City of Allen Park
Component Units
Statement of Net Assets
June 30, 2006

	<u>Downtown Development Authority</u>	<u>Building Authority</u>	<u>Housing Commission</u>	<u>Brownfield Redevelopment Authority</u>	<u>Total Component Units</u>
Assets:					
Current Assets:					
Cash and Cash Equivalents	\$ 5,722,600	\$ 4,944	\$ 122,338	\$ 245,616	\$ 6,095,498
Interest Receivable	15,045	1,289	-	-	16,334
Due From Water & Sewer Fund	65,008	-	-	-	65,008
Inventories	-	-	165	-	165
Prepaid Expenses	17,400	-	5,885	-	23,285
Restricted Cash and Cash Equivalents	-	391,564	-	-	391,564
Capital Assets - Net	<u>3,952,722</u>	<u>1,490,903</u>	<u>773,676</u>	<u>-</u>	<u>6,217,301</u>
Total Assets	<u>9,772,775</u>	<u>1,888,700</u>	<u>902,064</u>	<u>245,616</u>	<u>12,809,155</u>
Liabilities:					
Accounts Payable	199,070	-	-	-	199,070
Accrued Interest Payable	77,177	2,840	-	-	80,017
Tenants Security Deposits	-	-	3,877	-	3,877
Payroll and Other Tax Liabilities	-	-	12,201	-	12,201
Due to General Fund	2,500	-	-	-	2,500
Noncurrent Liabilities:					
Due Within One Year	315,000	110,000	-	-	425,000
Due in More Than One Year	<u>5,885,000</u>	<u>895,000</u>	<u>-</u>	<u>-</u>	<u>6,780,000</u>
Total Liabilities	<u>6,478,747</u>	<u>1,007,840</u>	<u>16,078</u>	<u>-</u>	<u>7,502,665</u>
Net Assets:					
Invested in Capital Assets - Net of Related Debt	(2,247,278)	485,903	773,676	-	(987,699)
Restricted for:					
Debt Service	349,062	392,853	-	-	741,915
Unrestricted	<u>5,192,244</u>	<u>2,104</u>	<u>112,310</u>	<u>245,616</u>	<u>5,552,274</u>
Total Net Assets	<u>\$ 3,294,028</u>	<u>\$ 880,860</u>	<u>\$ 885,986</u>	<u>\$ 245,616</u>	<u>\$ 5,306,490</u>

The accompanying notes are an integral part of the financial statements.

City of Allen Park
Component Units
Statement of Activities
Year Ended June 30, 2006

Functions/programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Downtown Development Authority	Building Authority	Housing Commission	Brownfield Redevelopment Authority
Expenses							Total
Downtown Development Authority							
Governmental activities:							
General Government	\$ 498,017	\$ -	\$ -	\$ (498,017)	\$ -	\$ -	\$ (498,017)
Interest & fiscal charges	248,988	-	-	(248,988)	-	-	(248,988)
Depreciation Expense	276,011	-	-	(276,011)	-	-	(276,011)
Total Downtown Development Authority	1,023,016	-	-	(1,023,016)	-	-	(1,023,016)
Building Authority	92,947	-	-	-	(92,947)	-	(92,947)
Housing Commission	256,213	169,875	-	-	-	(86,338)	(86,338)
Brownfield Redevelopment Authority	-	-	-	-	-	-	-
Total Component Units	\$ 1,372,176	\$ 169,875	\$ -	\$ (1,023,016)	\$ (92,947)	\$ (86,338)	\$ (1,202,301)
General Revenues:							
Property Taxes				\$ 1,000,164	\$ -	\$ -	\$ 244,652
Rentals				5,221	190,000	162,679	-
Interest				254,055	12,622	3,073	964
Miscellaneous				5,667	-	1,697	-
Total General Revenues:				1,265,107	202,622	167,449	245,616
Change in Net Assets				242,091	109,675	81,111	245,616
Net Assets-Beginning				3,051,937	771,185	804,875	-
Net Assets-End				\$ 3,294,028	\$ 880,860	\$ 885,986	\$ 245,616
							\$ 5,306,490

The accompanying notes are an integral part of the financial statements.

CITY OF ALLEN PARK
Notes to the Financial Statements
June 30, 2006

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the City of Allen Park conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to government units. The following is a summary of the significant accounting policies used by the City of Allen Park:

A. Reporting Entity

The City of Allen Park was incorporated under the laws of the State of Michigan and is governed by an elected seven-member council (Board). The accompanying financial statements present the government and its component units. As defined by GASB *Statement No. 14*, component units are entities for which the government is considered to be financially accountable. The discretely presented component units are reported in aggregate in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government (see discussion below for description).

Blended Component Units

Blended component units are separate legal entities that meet the component unit criteria described above and whose governing body is the same or substantially the same as the City Council or the component unit provides services entirely to the City. Currently, the City has no blended component units.

Discretely Presented Component Units

Discretely presented component units are separate legal entities that meet the component unit criteria described above but do not meet the criteria for blending. The City's discretely presented component units are presented below:

Component Unit: Allen Park Downtown Development Authority

Reporting: Special Revenue Fund

Brief Description:

Act 197 of the Public Acts of 1975 of the State of Michigan, commonly referred to as the Downtown Development Authority Act, was created in part to correct and prevent deterioration of business districts; to promote economic growth and revitalization; to encourage historic preservation; to authorize the acquisition and disposal of interests in real and personal property; to authorize the creation of the authority; to authorize the levy and collection of taxes, the issuance of bonds and the use of tax increment financing in the accomplishment of specific downtown development activities contained in locally-adopted development plans.

The Act seeks to attack problems of urban decline, strengthen existing areas and encourage new private developments in the downtown districts of Michigan communities. It seeks to accomplish this goal by providing communities with the necessary legal, monetary and organizational tools to revitalize downtown districts either through public-initiated projects or in concert with privately motivated development projects. The manner in which downtown development authorities chose to make use of these tools does, of course, depend on the problems and opportunities facing each particular downtown district and the development priorities sought by the community in the revitalization of its business area.

CITY OF ALLEN PARK
Notes to the Financial Statements
June 30, 2006
(Continued)

Component Unit: Allen Park Building Authority

Reporting: Special Revenue Fund

Brief Description:

The Allen Park Building Authority has constructed and funded, by use of bonding, the 24th District Court Building.

Complete financial statements of the Allen Park Building Authority can be obtained directly from their administrative office located at the following address:

Allen Park Building Authority
16850 Southfield Road
Allen Park, MI 48101

Component Unit: Allen Park Housing Commission

Reporting: Enterprise Fund

Brief Description:

The Allen Park Housing Commission was formed to develop senior citizens housing. A senior citizen apartment complex was developed on Champaign Street in Allen Park, Michigan. The complex is funded partially by the U.S. Department of Housing and Urban Development (HUD) and rental fees received from the tenants.

Component Unit: Brownfield Redevelopment Authority

Reporting: Special Revenue Fund

Brief Description:

The Brownfield Redevelopment Authority was created, pursuant to Public Act 381 of 1996, to promote revitalization of environmentally distressed areas within the City. The Brownfield Redevelopment Authority is funded primarily by property tax revenue captures. The Brownfield Redevelopment Authority is governed by a seven-member board that is appointed by the mayor and confirmed by the City Council.

All the information obtained from the above discretely presented component units are included in the audited annual financial statements.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e. the statement of net assets and the statement of changes in net assets) report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely to a significant extent on fees and charges for support. Likewise, the primary

CITY OF ALLEN PARK
Notes to the Financial Statements
June 30, 2006
(Continued)

government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the full accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under full accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

The financial transactions of the City are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements. The following fund types are used by the City.

1. Governmental Funds:

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the City:

- a. **General fund** is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.
- b. **Special revenue funds** are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.
- c. **Debt service funds** are used to account for the accumulation of funds for the periodic payment of principal and interest on general long-term debt.

CITY OF ALLEN PARK
Notes to the Financial Statements
June 30, 2006
(Continued)

- d. **Capital projects funds** are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by business-type/proprietary funds).

2. Proprietary Funds:

The focus of proprietary fund measurement is upon determination of operating income, changes in net assets, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the proprietary funds of the City:

Enterprise funds are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of the net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges or (c) establishes fees and charges based on a pricing policy designed to recover similar costs.

3. Fiduciary Funds:

Fiduciary Funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support City programs. The reporting focus is on net assets and changes in net assets and are reported using accounting principles similar to proprietary funds.

The emphasis in fund financial statements is on major funds in either the governmental or business-type activities categories. Nonmajor funds by category are summarized into a single column. *GASB Statement No. 34* sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category and the governmental and enterprise combined) for the determination of major funds. The City did not elect to add funds, as major funds, which either had debt outstanding or specific community focus. The nonmajor funds are combined in a column in the fund financial statements.

The City reports the following major governmental funds:

1. **General fund** – see above for description.
2. **Community Center Construction Fund** – Capital project fund that accounts for the receipt of bond proceeds and the expenditures related to the construction of an addition to the current community center.

The City reports the following major proprietary funds:

1. **Water and Sewer fund** – Accounts for activities associated with providing water and sewer services to the public.

Additionally, the City reports the following nonmajor funds:

Special Revenue Funds:

1. **Motor Vehicle Highway – Major fund** - Accounts for the revenues and expenditures related to the maintenance of major streets located in the City limits.
2. **Motor Vehicle Highway – Local fund** – Accounts for the revenues and expenditures related to the maintenance of the local streets located in the City limits.

CITY OF ALLEN PARK
Notes to the Financial Statements
June 30, 2006
(Continued)

3. **Sidewalk Fund** – Accounts for the revenue and expenditures related to the maintenance the City's sidewalks.
4. **Building Fund** – Accounts for the revenues and expenditures related to building inspections throughout the City.
5. **Drug Law Enforcement Fund** – Accounts for the revenue and expenditures for maintaining and enforcing laws related to drug use and prevention.
6. **Library Fund** – Accounts for the revenue and expenditures related to the operation of the City's library.

Debt Service Fund

1. **Community Center Debt Fund** – Accounts for the debt service related to the bonds issued for the construction of an addition to present community center.

The City reports the following Fiduciary funds:

1. **Pension Fund** – Accounts for the activities of the City's employees retirement system, which accumulates resources for pension benefit payments to qualified employees.
2. **Tax Collection Fund** – Accounts for the collection and distribution of real and personal property taxes that were levied during the fiscal year.
3. **Public Employee Health Fund** – Accounts for the payments of retiree health benefits.

Private-sector standards of accounting issued prior to December 1, 1989, are generally followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with the standards of the GASB. The government has elected to also follow the private sector standards issued after November 30, 1989 for its business-type activities.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the government's water and sewer fund and various other functions of government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Proprietary funds distinguish operating revenue and expenses from non-operating items. Operating revenue and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the City's proprietary fund relates to charges to customers for sales and services. The water and sewer fund also recognizes the portion of tap fees intended to recover current costs as operating revenue. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as non-operating revenue and expenses.

D. Assets, Liabilities, and Net Assets or Equity

Bank Deposits and Investments – Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less of the date acquired by the City.

CITY OF ALLEN PARK
Notes to the Financial Statements
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(Continued)

Certain Investments and for External Investment Pools" and GASB Statement No. 40 "Deposit and Investment Risk Disclosures". Under these standards, certain investments are stated at fair value based on quoted market prices; other investments are stated at cost or amortized cost, except for investments in the pension trust fund, which are reported at fair value.

Receivables and Payables – In general, outstanding balances between funds are reported as "due to/due from other funds". Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "advances to/from other funds".

Ad Valorem Taxes -All trade and property tax receivables are shown as net of allowance for uncollectible amounts. Real and Property taxes are levied on each July 1st and December 1st on the taxable valuation of the city as of the preceding December 31st. Taxes are considered delinquent on March 1st of the following year, at which time penalties and interest are assessed. The City Charter limits the ad valorem tax rate for operating purposes to 12.5 mills of valuation. The ad valorem rate during the year was 10.59 mills.

Inventories and Prepaid items – Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements.

Restricted Assets – Certain proceeds of the enterprise fund revenues are set aside for purposes of funding the replacement of water and sewer mains.

Capital Assets – Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. The government defines capital assets as assets with an initial individual cost of more than \$1,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Interest incurred during the construction of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. During the current year, there was no interest expense that was capitalized as part of the cost of assets under construction.

Property, plant and equipment are depreciated using the straight-line method over the following useful lives:

Buildings	40 years
Building and Site Improvements	20-30 years
Water and Sewer Lines	40-60 years
Roads and Other Infrastructures	40 years
Vehicles	5-10 years
Machinery & Equipment	5-20 years

Compensated Absences – It is the City's policy to permit employees to accumulate earned but unused sick and vacation pay benefits. All vacation pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

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Notes to the Financial Statements
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(Continued)

Long-Term Obligations – In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets.

Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt services expenditures.

Fund Equity – In the fund financial statements, government funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

The City prepares its annual budget on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are adopted for the general, special revenue, debt service, and enterprise funds. All annual appropriations lapse at fiscal year end. Project-length financial plans are adopted for all capital projects funds.

All agencies of the government submit their requests for appropriation to the City Administrator so that a budget may be prepared. The budget is prepared by fund, function, and department, and includes information on the past year, current year estimates, and requested appropriations for the next fiscal year.

The proposed budget is presented to the City's council for review. The council holds public hearings and may add to, subtract from, or change appropriations, but may not change the form of the budget. The government's department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of council. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level. During the year, supplementary appropriations were necessary.

B. Excess of expenditures over appropriations

For the fiscal year ended June 30, 2006, expenditures exceeded appropriations in the following general fund accounts:

<u>Function</u>	<u>Amount by which expenditures exceeded appropriations</u>
General Fund:	
Engineering	\$ 14,984
Police	230,694
Recreation	33,861

CITY OF ALLEN PARK
Notes to the Financial Statements
June 30, 2006
(Continued)

NOTE 3 – DEPOSITS AND INVESTMENTS

Act 217, P.A. 1982, authorizes the City to deposit and invest in:

1. Bonds and other direct obligations of the United States or its agencies;
2. Certificates of deposit, savings accounts, deposit accounts, or depository receipts of federally insured banks, insured savings and loan associations, or credit unions insured by the national credit union administration that are eligible to be a depository of surplus money belonging to the State under Section 5 or 6 of Act 105, P.A. 1855, as amended (MCL 21.145 and 21.146);
3. Commercial paper rated at time of purchase within the three highest classifications established by not less than two standard rating services. Maturity cannot be more than 270 days after purchase and not more than 50 percent of any fund may be invested in commercial paper at any time;
4. United States government or Federal agency obligation repurchase agreements;
5. Banker's acceptance of United States banks;
6. Mutual funds composed of investments, which are legal for direct investments by local units of government in Michigan.

Cash is held in the name of the City in the general fund. These deposits are subject to custodial credit risk. This is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City minimizes custodial credit risk on deposits by assessing the credit worthiness of the individual institutions in which it deposits funds. The amount of deposits with each institution is assessed to determine the level of risk it may pose to the City in relation to deposits in excess of insured amounts. These assessments are performed by the City at least annually. At year end, the City's carrying amount of deposits for the general government, restricted and unrestricted, and its fiduciary funds were \$10,521,216 and \$6,226 respectively, of those amounts, \$200,000 was covered by federal depository insurance and \$10,327,443 was uninsured and uncollateralized.

The carry amount of deposits for the City's discretely presented component units, was \$6,486,962 and of those amounts, \$500,000 was covered by federal depository insurance and \$5,986,962 was uninsured and uncollateralized.

100% of the City's deposits are contained in entities that are within the State of Michigan or considered to be located in the State of Michigan.

NOTE 4 - RECEIVABLES

Receivables at June 30, 2006 consist of the following:

	<u>General</u>	<u>Enterprise</u>	<u>Total</u>
Receivables:			
Taxes (Net)	\$ 344,382	\$ 568,299	\$ 912,681
Accounts	71,435	675,010	746,445
District Court	102,730	-	102,730
Wayne County Block Grant	11,205	-	11,205
Interest	-	13,340	13,340
Total Receivables	<u>\$ 529,752</u>	<u>\$ 1,256,649</u>	<u>\$ 1,786,401</u>

CITY OF ALLEN PARK
Notes to the Financial Statements
June 30, 2006
(Continued)

NOTE 5 - CAPITAL ASSETS

Capital asset activity for the City for the current year was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital assets not being depreciated				
Land	\$ 39,704,448	\$ -	\$ -	\$ 39,704,448
Subtotal	<u>39,704,448</u>	<u>-</u>	<u>-</u>	<u>39,704,448</u>
Capital assets being depreciated:				
Buildings and site	14,048,886	54,698	-	14,103,584
Leasehold Improvements	120,379	-	-	120,379
Land Improvements	1,910,369	-	-	1,910,369
Furniture & Equipment	5,474,160	362,179	(71,384)	5,764,955
Vehicles	3,007,518	304,928	(339,181)	2,973,265
Infrastructure	124,144,084	-	-	124,144,084
Subtotal	<u>148,705,396</u>	<u>721,805</u>	<u>(410,565)</u>	<u>149,016,636</u>
Total Governmental Activities	<u>188,409,844</u>	<u>721,805</u>	<u>(410,565)</u>	<u>188,721,084</u>
Less: Accumulated depreciation for:				
Buildings and site	(6,228,106)	(354,379)	-	(6,582,485)
Leasehold improvements	(84,266)	(6,019)	-	(90,285)
Land improvements	(719,675)	(72,723)	-	(792,398)
Furniture & Equipment	(4,095,107)	(338,076)	70,802	(4,362,381)
Vehicles	(2,568,572)	(201,844)	339,180	(2,431,236)
Infrastructure	(77,590,052)	(3,103,602)	-	(80,693,654)
Subtotal	<u>(91,285,778)</u>	<u>(4,076,643)</u>	<u>409,982</u>	<u>(94,952,439)</u>
Net capital assets being depreciated	<u>57,419,618</u>	<u>(3,354,838)</u>	<u>(583)</u>	<u>54,064,197</u>
Capital assets-net of depreciation	<u>\$ 97,124,066</u>	<u>\$ (3,354,838)</u>	<u>\$ (583)</u>	<u>\$ 93,768,645</u>

CITY OF ALLEN PARK
Notes to the Financial Statements
June 30, 2006
(Continued)

Capital Asset activity for Component Units was as follows:

Downtown Development Authority

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 64,715	\$ -	\$ -	\$ 64,715
Subtotal	<u>64,715</u>	<u>-</u>	<u>-</u>	<u>64,715</u>
Capital assets being depreciated:				
Buildings	210,521	-	-	210,521
Furniture & Equipment	17,816	-	-	17,816
Site Improvement	4,573,389	1,306,122	-	5,879,511
Subtotal	<u>4,801,726</u>	<u>1,306,122</u>	<u>-</u>	<u>6,107,848</u>
Total Governmental Activities	<u>4,866,441</u>	<u>1,306,122</u>	<u>-</u>	<u>6,172,563</u>
Less Accumulated depreciation for:				
Buildings	(67,128)	(5,263)	-	(72,391)
Furniture & Equipment	(13,194)	(3,563)	-	(16,757)
Site Improvement	(1,863,508)	(267,185)	-	(2,130,693)
Subtotal	<u>(1,943,830)</u>	<u>(276,011)</u>	<u>-</u>	<u>(2,219,841)</u>
Net capital assets being depreciated	2,857,896	1,030,111	-	3,888,007
Capital assets-net of depreciation	<u>\$ 2,922,611</u>	<u>\$ 1,030,111</u>	<u>\$ -</u>	<u>\$ 3,952,722</u>

CITY OF ALLEN PARK
Notes to the Financial Statements
June 30, 2006
(Continued)

Allen Park Building Authority:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 100,000	\$ -	\$ -	\$ 100,000
Subtotal	<u>100,000</u>	<u>-</u>	<u>-</u>	<u>100,000</u>
Capital assets being depreciated:				
Buildings	2,029,861	-	-	2,029,861
Furniture & Equipment	170,029	-	-	170,029
Subtotal	<u>2,199,890</u>	<u>-</u>	<u>-</u>	<u>2,199,890</u>
Total Governmental Activities	<u>2,299,890</u>	<u>-</u>	<u>-</u>	<u>2,299,890</u>
Less Accumulated depreciation for:				
Buildings	(585,712)	(53,246)	-	(638,958)
Furniture & Equipment	(170,029)	-	-	(170,029)
Subtotal	<u>(755,741)</u>	<u>(53,246)</u>	<u>-</u>	<u>(808,987)</u>
Net capital assets being depreciated	1,444,149	(53,246)	-	1,390,903
Capital assets-net of depreciation	<u>\$ 1,544,149</u>	<u>\$ (53,246)</u>	<u>\$ -</u>	<u>\$ 1,490,903</u>

CITY OF ALLEN PARK
Notes to the Financial Statements
June 30, 2006
(Continued)

Allen Park Housing Authority:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Reclassifications</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities:					
Capital assets not being depreciated:					
Land	\$ 68,050	\$ -	\$ -	\$ -	\$ 68,050
Subtotal	68,050	-	-	-	68,050
Capital assets being depreciated:					
Buildings	793,289	-	5,107	-	798,396
Building Improvements	342,888	291,373	(5,107)	-	629,154
Furniture & Equipment	18,153	-	-	-	18,153
Computers & Machinery	82,416	1,500	-	-	83,916
Subtotal	1,236,746	292,873	-	-	1,529,619
Total Governmental Activities	1,304,796	292,873	-	-	1,597,669
Less: Accumulated depreciation for:					
Buildings	(633,076)	(19,960)	45,423	-	(607,613)
Building Improvements	(92,556)	(18,389)	(45,423)	-	(156,368)
Furniture & Equipment	(9,514)	(1,731)	-	-	(11,245)
Computers & Machinery	(38,903)	(9,864)	-	-	(48,767)
Subtotal	(774,049)	(49,944)	-	-	(823,993)
Net capital assets being depreciated	462,697	242,929	-	-	705,626
Capital assets-net of depreciation	\$ 530,747	\$ 242,929	\$ -	\$ -	\$ 773,676

CITY OF ALLEN PARK
Notes to the Financial Statements
June 30, 2006
(Continued)

Business-Type Activities

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business Type Activities				
Capital assets not being depreciated:				
Land	\$ -	\$ 20,000	\$ -	\$ 20,000
Construction in Progress	-	199,439	-	199,439
Subtotal	-	219,439	-	219,439
Capital assets being depreciated:				
Buildings	1,284,123	-	-	1,284,123
Site Improvements	48,918,248	2,862,010	-	51,780,258
Meter Installation	217,600	-	-	217,600
Machinery & Equipment	1,345,189	20,202	-	1,365,391
Subtotal	51,765,160	2,882,212	-	54,647,372
Total Business Type Activities	51,765,160	3,101,651	-	54,866,811
Less Accumulated depreciation for:				
Buildings	(632,549)	(61,491)	-	(694,040)
Site Improvements	(9,517,624)	(1,029,085)	-	(10,546,709)
Meter Installation	(205,487)	(3,267)	-	(208,754)
Machinery & Equipment	(1,012,361)	(103,351)	-	(1,115,712)
Subtotal	(11,368,021)	(1,197,194)	-	(12,565,215)
Net capital assets being depreciated	40,397,139	1,685,018	-	42,082,157
	<u>\$ 40,397,139</u>	<u>\$ 1,904,457</u>	<u>\$ -</u>	<u>\$ 42,301,596</u>

Business-type activities:

Water	\$ 1,063,044
Sewer	134,150
Total business-type activities depreciation expense	<u>\$ 1,197,194</u>

In Business-Type activities, the following estimated useful lives are used to compute depreciation:

Mains	50 Years
Equipment	5-10 Years
Vehicles	4 Years
Hydrants	50 Years

CITY OF ALLEN PARK
Notes to the Financial Statements
June 30, 2006
(Continued)

NOTE 6 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of inter-fund balances is as follows:

Due To/From Other Funds				
<u>Receivable Fund</u>		<u>Payable Fund</u>		<u>Amount</u>
General Fund	\$ 287,989	MVH - Major Fund	\$ 31,837	
		MVH - Local Fund	83,747	
		D.D.A. Fund	2,500	
		Water & Sewer Fund	166,829	
		School & County Tax Fund	3,076	
	<u>287,989</u>		<u>287,989</u>	
Building Fund	43,641	General Fund	293,171	
Library Fund	71,573			
Community Center Debt Fund	54			
Drug Law Enforcement Fund	6,105			
Public Employee Health Fund	171,798			
	<u>293,171</u>		<u>293,171</u>	
Sidewalk Fund	<u>1,432</u>	School & County Tax Fund	<u>1,432</u>	
MVH - Local Fund	<u>25,000</u>	MVH - Major Fund	<u>25,000</u>	
D.D.A. Bond Debt Fund	<u>65,008</u>	Water & Sewer Fund	<u>65,008</u>	
Total	<u>\$ 672,600</u>		<u>\$ 672,600</u>	
Advances From/To Other Funds				
<u>Receivable Fund</u>		<u>Payable Fund</u>		<u>Amount</u>
Drug Law Enforcement Fund	\$ 6,105	General Fund	\$ 96,105	
Library Fund	90,000			
	<u>96,105</u>		<u>96,105</u>	
Community Center Debt Fund	102,354	Comm. Center Const. Fund	102,354	
MVH - Local	569,872	MVH - Major	569,872	
D.D.A. Bond Debt Fund	<u>501,000</u>	D.D.A. Operating Fund	<u>501,000</u>	
Total	<u>\$ 1,269,331</u>		<u>\$ 1,269,331</u>	

CITY OF ALLEN PARK
Notes to the Financial Statements
June 30, 2006
(Continued)

NOTE 7 - LONG-TERM DEBT

General Obligation Bonds. The government issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both general government and proprietary activities. These bonds therefore are reported in the proprietary funds if they are expected to be repaid from proprietary revenues. In addition, general obligation bonds have been issued to refund both general obligations and revenue bonds.

General obligations bonds are direct obligations and pledge the full faith and credit of the City. These bonds generally are issued as 25-year serial bonds, except for refunding issues, with equal amounts of principal maturing each year. Judgment bonds are bonds issued to finance an amount to be paid or collected by the City as the result of a court decision. General obligations bonds and judgment bonds currently outstanding are as follows:

<u>Description</u>	<u>Interest Rate</u>	<u>Amount Outstanding June 30, 2006</u>
Governmental Activities		
General Obligation Bonds		
2003 Community Center Bonds	3.0% - 5.0%	\$ 6,425,000
Compensated Absences		1,788,954
Note Payable		<u>10,933</u>
Total Governmental Activities		<u>\$ 8,224,887</u>
Business-Type Activities		
General Obligation Bonds		
2002 Limited Tax Construction Bonds	3.8% - 4.7%	\$ 1,900,000
2005 Limited Tax Construction Bonds	3.5% - 4.2%	4,000,000
Compensated Absences		59,413
Judgment Bonds		
1999 Series A (Refunded)	4.8% - 5.1%	2,071,774
1999 Series B	2.0% - 2.5%	1,189,258
SRF Bonds, Projects 1-14		<u>19,664,019</u>
Total Business Type Activities		<u>\$ 28,884,464</u>

CITY OF ALLEN PARK
Notes to the Financial Statements
June 30, 2006
(Continued)

Annual debt service requirements to maturity for the above obligations are as follows:

June 30,	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2007	\$ 75,000	\$ 293,538	\$ 1,788,951	\$ 820,543
2008	100,000	290,163	1,850,546	770,204
2009	100,000	286,413	1,911,475	717,879
2010	100,000	282,663	1,962,172	663,028
2011	125,000	278,288	2,022,043	606,216
2012-2016	700,000	1,314,288	10,375,019	2,125,424
2017-2021	1,000,000	1,139,888	7,384,845	824,886
2022-2026	1,300,000	889,225	1,530,000	158,038
2027-2031	1,650,000	530,744	-	-
2032-2034	1,275,000	98,125	-	-
Totals	<u>\$ 6,425,000</u>	<u>\$ 5,403,335</u>	<u>\$ 28,825,051</u>	<u>\$ 6,686,218</u>

Changes in long-term liabilities

Long-term liability activity for the fiscal year ended June 30, 2006 was as follows:

	Balance	Additions	Reductions	Balance	One Year
Governmental activities:					
Bonds payable:					
General obligation Bonds	\$ 6,475,000	\$ -	\$ (50,000)	\$ 6,425,000	\$ 75,000
Note Payable	13,859	-	(2,926)	10,933	3,659
Compensated Absences	1,688,529	269,588	(169,163)	1,788,954	241,319
Total governmental activity long-term liabilities	<u>\$ 8,177,388</u>	<u>\$ 269,588</u>	<u>\$ (222,089)</u>	<u>\$ 8,224,887</u>	<u>\$ 319,978</u>
Business-type activities:					
Bonds payable:					
General obligation Bonds	\$ 1,950,000	\$ 4,000,000	\$ (50,000)	\$ 5,900,000	\$ 200,000
Judgment Bonds	24,495,871	-	(1,570,820)	22,925,051	1,588,951
Compensated Absences	35,278	50,437	(26,302)	59,413	5,940
Total business-type activity long-term liabilities	<u>\$ 26,481,149</u>	<u>\$ 4,050,437</u>	<u>\$ (1,647,122)</u>	<u>\$ 28,884,464</u>	<u>\$ 1,794,891</u>

CITY OF ALLEN PARK
Notes to the Financial Statements
June 30, 2006
(Continued)

Component Unit Long Term Debt:

Downtown Development Authority

2003 Refunding Bonds

\$1,800,000

Annual debt service requirements to maturity for general obligation bonds of the Downtown Development Authority are as follows:

Fiscal Year Ending June 30,	Principal	Interest
2007	\$ 215,000	\$ 55,103
2008	215,000	50,265
2009	215,000	44,621
2010	220,000	38,090
2011	225,000	30,578
2012-2014	710,000	41,040
Totals	<u>\$ 1,800,000</u>	<u>\$ 259,697</u>

2005 Downtown Development Bonds

\$4,400,000

Fiscal Year Ending June 30,	Principal	Interest
2007	\$ 100,000	\$ 174,280
2008	100,000	171,280
2009	110,000	168,280
2010	120,000	164,705
2011	125,000	160,805
2012-2016	920,000	726,875
2017-2021	1,475,000	499,793
2022-2025	1,450,000	161,040
Totals	<u>\$ 4,400,000</u>	<u>\$ 2,227,058</u>

CITY OF ALLEN PARK
Notes to the Financial Statements
June 30, 2006
(Continued)

The Allen Park Building Authority

Revenue Bonds: The government also issues bonds where the government pledges income derived from the acquired or constructed assets to pay debt service. Revenue bonds outstanding at June 30, 2006 are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
2003 Building Authority Refunding Bonds	3 – 3.8 %	<u>\$ 1,005,000</u>

Revenue bond debt service requirements to maturity are as follows:

<u>Fiscal Year Ending</u>	<u>Principal</u>	<u>Interest</u>
<u>June 30,</u>		
2007	\$ 110,000	\$ 34,083
2008	115,000	30,783
2009	120,000	27,333
2010	125,000	23,733
2011	130,000	19,545
2012-2014	405,000	30,630
Totals	<u>\$ 1,005,000</u>	<u>\$ 166,107</u>

Changes in long-term liabilities – Component Units

Long-term liability activity, by component unit, for the fiscal year ended June 30, 2006, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Downtown Development Auth.					
Bonds payable:					
General obligation Bonds	<u>\$ 6,510,000</u>	<u>\$ -</u>	<u>\$ (310,000)</u>	<u>\$ 6,200,000</u>	<u>\$ 315,000</u>
Total Downtown Development Auth. liabilities	<u>\$ 6,510,000</u>	<u>\$ -</u>	<u>\$ (310,000)</u>	<u>\$ 6,200,000</u>	<u>\$ 315,000</u>
Allen Park Building Authority					
Bonds payable:					
Revenue Bonds	<u>\$ 1,115,000</u>	<u>\$ -</u>	<u>\$ (110,000)</u>	<u>\$ 1,005,000</u>	<u>\$ 110,000</u>
Total Allen Park Building Authority liabilities	<u>\$ 1,115,000</u>	<u>\$ -</u>	<u>\$ (110,000)</u>	<u>\$ 1,005,000</u>	<u>\$ 110,000</u>

CITY OF ALLEN PARK
Notes to the Financial Statements
June 30, 2006
(Continued)

NOTE 9 – JOINTLY GOVERNED ORGANIZATION -

The City of Allen Park in conjunction with the City of Melvindale governs the 24th District Court. The two cities are referred to as District Control Units (DCU's). The Court receives its operating revenue mainly from fines and fees. Based on a joint agreement the City of Allen Park receives 2/3 of the revenue received by the Court through fines and fees and the City of Melvindale receives 1/3. The Allen Park City Council and the Melvindale City Council approve the Court's annual budget each year and contribute to the Court monthly a share of the annual budget based on the same ratio that revenues are distributed by the Court to the DCU's. A copy of the 24th District Court's separate financial statements can be obtained at 16850 Southfield Road, Allen Park, Michigan. Financial segment information as of and for the year ended June 30, 2006 is presented below.

Total Assets	\$ 1,006,064
Total Liabilities	226,656
Total Net Assets	779,408
Total Revenue	3,029,676
Total Expenses	2,945,367
Change in Net Assets	84,309
Total Outstanding Long-Term Debt	\$ 106,223

NOTE 10 – POST-EMPLOYEE HEALTH CARE BENEFITS

In addition to providing pension benefits, the government provides certain insurance benefits for retired employees. Substantially all of the government's employees may become eligible for those benefits if they reach normal retirement age while working for the government. The cost of retiree insurance benefits is recognized as expenditure as claims are paid. This plan is self-funded. The total expenditure for the year ended June 30, 2006 was approximately \$ 1,642,230.

The Governmental Accounting Standards Board has recently released *Statement No. 45, Accounting and Reporting by Employers for Postemployment Benefits Other than Pensions*. The new pronouncement provides guidance for local units of government in recognizing the cost of retiree health care, as well as any "other postemployment benefits other than pensions. The new rules will cause the government-wide financial statements to recognize the cost of providing retiree health care coverage over the working life of the employee, rather than at the time health care premiums are paid. The new pronouncement is effective for all original Phase 2 Local units (Allen Park) for the fiscal year ending June 30, 2009.

NOTE 11 – EMPLOYEE RETIREMENT SYSTEM

PLAN DESCRIPTION, CONTRIBUTION INFORMATION AND FUNDING POLICIES

The City participates in a multiple-employer public employee retirement system. Assets are held separately and may be used only for the payment of benefits to the members of the plan.

CITY OF ALLEN PARK
Notes to the Financial Statements
June 30, 2006
(Continued)

The following is a summary of funding policies, contribution methods and benefit provisions:

	<u>Retirement System</u>	
Year established and Governing authority	1949; City Council Ordinance	
Determination of contribution Requirement	On the basis of the December 31, 2005 actuarial valuation, the employer rates were determined to be as follows:	
	<u>Contributions for</u>	<u>Percents of Active Member Payroll</u>
	Normal cost (Weighted Average)	15.87%
	Accrued Liabilities (full funding credit)	<u>4.37%</u>
	Total Employer Rate	<u>20.24 %</u>
Employer:		
<u>City of Allen Park</u>		
General	13.59% of covered payroll	
Police-Fire	17.56% of covered payroll	
Water	13.59% of covered payroll	
<u>24th District Court</u>		
Court	13.59% of covered payroll	
Plan Members contributions:	6.00% of covered payroll	
Funding of Administrative costs	Investment earnings	
Period required to vest	10 years	
Eligibility for distribution		
General, Water & Court	Age 54 with 10 or more years of service. Effective 6-30-05, age is reduced to 53.	
Police-Fire	Age 52 with 10 or more years of service	
Provisions for:		
Disability benefits	Yes	
Death benefits	Yes	
Memberships of the plan are as follows:		
Non-vested active members	86	
Fully vested active members	71	
Retirees and beneficiaries currently receiving benefits	<u>173</u>	
Total	<u>330</u>	

CITY OF ALLEN PARK
Notes to the Financial Statements
June 30, 2006
(Continued)

Annual Required Contributions

Actuarial assumptions and other information used to determine the annual required contribution (ARC) are located in the schedules that are at the conclusion of this note.

Reserves

There are no assets legally reserved for purposes other than the payment of plan member benefits. The plan held no individual investment (other than U.S. Government and U.S. Government guaranteed obligations) whose market value exceeds five percent or more of net assets available for benefits. There are no long-term contracts for contributions.

Funding Status and Progress

The amount shown below as the "pension benefit obligation" is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases, estimated to be payable in the future as a result of employee service to date. The measure is the actuarial present value of credited projected benefits and is intended to (i) help users assess the plan's funding status on a going-concern basis, (ii) assess progress being made in accumulating sufficient assets to pay benefits when due, and (iii) allow for comparisons among public employee retirement plans. The measure is independent of the actuarial funding method used to determine contributions to the plan.

The pension benefit obligation was determined as part of an actuarial valuation of the plan as of December 31, 2005. Significant actuarial assumptions used in determining the pension benefit obligation include (a) a rate of return on the investment of present and future assets of 7.5% per year compounded annually, (b) projected salary increases of 4.5% per year compounded annually, attributable to inflation, (c) additional projected salary increases ranging from 0.7% to 3.8% per year, depending on age, attributable to seniority/merit, and (d) the assumption that benefits will not increase after retirement.

Contribution Required and Contributions Made:

The City's funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are designed to accumulate sufficient assets to pay benefits when due. The normal cost and actuarial accrued liability are determined using an entry age actuarial funding method. Unfunded actuarial accrued liabilities are being amortized as a level percent of payroll over a period of 20 years.

CITY OF ALLEN PARK
Notes to the Financial Statements
June 30, 2006
(Continued)

Schedule of Funding Progress (Dollar amounts in millions)

Actuarial Valuation 12/31	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) -Entry Age (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a)/(b)	Covered Payroll (c)	UAAL as a Percent of Covered Payroll [(b)-a]/(c)
1993	\$ 31.4	\$ 33.8	\$ 2.4	92.9%	\$ 6.7	35.8%
1994*	35.0	35.7	0.7	98.0	6.9	10.1
1995*	39.7	39.7	0.0	100.0	7.2	-
1996*	44.8	42.2	(2.6)	106.2	7.5	-
1997*	49.5	45.7	(3.8)	108.3	8.5	-
1998*	56.2	48.7	(7.5)	115.4	9.0	-
1999*	62.3	54.6	(7.7)	114.1	9.3	-
2000	67.9	58.8	(9.1)	115.5	10.4	-
2001	71.9	62.9	(8.9)	114.3	10.8	-
2002	72.4	68.1	(4.3)	106.3	10.8	-
2003	73.5	73.4	(.1)	100.1	10.5	-
2004*	76.1	76.8	0.7	99.1	11.0	6.4
2005*	77.8	82.9	5.1	93.8	9.8	52.0

*Retirement system benefits amended.

Schedule of Employer Pension Contributions:

Year ended December 31	Annual Recommended Contributions*	Actual Contributions	Percent Contributed
1995	937,489	937,643	100.0
1996	796,484	759,774	95.4
1997	843,241	824,087	97.7
1998	757,885	750,645	99.0
1999	799,998	783,153	97.9
2000	684,860	666,474	97.3
2001	879,415	848,414	96.5
2002	943,884	907,141	96.1
2003	883,031	872,008	98.8
2004	1,322,068	1,288,684	97.5
2005**	1,721,588 #	859,422	49.9
2006	1,846,188 #	N/A	N/A
2007	1,983,324 #	N/A	N/A

* Based on valuation payroll at the end of the year. Actual contributions may be based on pay paid throughout the year.

CITY OF ALLEN PARK
Notes to the Financial Statements
June 30, 2006
(Continued)

Based on total payroll including DROP participants.

**Partial contribution made during 2004. Additional contributions expected to be made during 2005.

Summary of Actuarial Methods of Assumptions:

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

Valuation date	December 31, 2005
Actuarial cost method	Entry Age
Amortization method	Level percent
Remaining amortization period	15 years
Asset valuation method	4-year smoothed market
Actuarial assumptions:	
Investment rate of return	7.5%
Projected salary increases*	4.5%-8.3%
Cost-of-living adjustments	N/A
Payroll growth	4.5%
Group Size Growth	0%

* Includes inflation at 4.5%

NOTE 12 – RISK MANAGEMENT

The City is exposed to various risks of loss related to property loss, torts, errors and omissions, employee injuries (workers' compensation), as well as medical benefits provided to employees. The City has purchased commercial insurance for medical benefits claims, participates in the Michigan Municipal League risk pool for claims relating to workers' compensation and the Michigan Municipal Risk Management Authority state risk pool for property loss, torts, errors and omissions. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage carried by the City while a participant of the Michigan Municipal Liability and Property Pool.

The Michigan Municipal League risk pool program operates as a common risk-sharing management program for local units of government in Michigan; member premiums are used to purchase commercial excess insurance coverage and to pay member claims in excess of deductible amounts.

The Michigan Municipal Risk Management Authority risk pool program operates as a claims servicing pool for amounts up to member retention limits, and operates as a common risk-sharing management program for losses in excess of member retention amounts. Although premiums are paid annually to the Authority, and the Authority pays claims up to the retention limits, the ultimate liability for those claims remains with the City.

REQUIRED SUPPLEMENTAL INFORMATION

City of Allen Park
General Fund
Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual - 1
July 1, 2005 to June 30, 2006

Account	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
Tax Collections:				
Current	\$ 11,939,385	\$ 11,939,385	\$ 11,955,492	\$ 16,107
Payment in Lieu of Taxes	13,000	13,000	18,896	5,896
Total Tax	11,952,385	11,952,385	11,974,388	22,003
State of Michigan:				
Highway Fund	1,830,000	1,830,000	818,649	(1,011,351)
Liquor License Fee	1,000	1,000	633	(367)
Liquor Tax	19,000	19,000	16,667	(2,333)
Sales Tax	2,751,675	2,751,675	2,856,179	104,504
Total State	4,601,675	4,601,675	3,692,128	(909,547)
Other Revenue:				
Federal Grant	159,400	159,400	140,063	(19,337)
State Grant	12,000	12,000	81,077	69,077
District Court	2,000,000	2,000,000	2,278,118	278,118
Local	5,000	5,000	5,674	674
Fees	1,147,000	1,147,000	1,256,461	109,461
Charges for Services	1,277,500	1,277,500	1,610,717	333,217
Interest	140,000	140,000	501,947	361,947
Miscellaneous	405,000	405,000	606,204	201,204
Total Other Revenue	5,145,900	5,145,900	6,480,261	1,334,361
Total Revenue	\$ 21,699,960	\$ 21,699,960	\$ 22,146,777	\$ 446,817

City of Allen Park
General Fund
Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual - 2
July 1, 2005 to June 30, 2006

Activity	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
Mayor & Council	\$ 72,000	\$ 72,000	\$ 67,396	\$ 4,604
District Court	1,779,300	1,779,300	1,779,300	-
Assessor	241,900	241,900	236,488	5,412
Personnel	399,060	379,060	378,079	981
Finance	305,115	295,115	277,703	17,412
Engineering	179,400	179,400	194,384	(14,984)
City Clerk	308,580	308,580	282,345	26,235
Administrator	1,100,110	1,150,110	1,099,235	50,875
Treasurer	239,880	259,880	251,397	8,483
City Hall	315,520	375,520	358,031	17,489
Police	5,574,750	6,024,750	6,255,444	(230,694)
Fire	3,466,500	3,466,500	3,423,832	42,668
Public Service	1,758,460	1,908,460	1,585,825	322,635
Recreation	1,412,070	1,452,070	1,485,931	(33,861)
Sanitation	2,133,000	2,133,000	1,747,871	385,129
Insurance	2,600,000	2,100,000	2,100,000	-
Debt Service	5,760	5,760	5,759	1
Contingencies	225,000	-	-	-
Total Expenditures	22,116,405	22,131,405	21,529,020	602,385
Excess of Revenues Over (Under) Expenditures	(416,445)	(431,445)	617,757	1,049,202
Other Financing Sources (Uses):				
Sale of Fixed Assets	-	-	36,088	36,088
Transfer to Drug Law Enforcement Fund	-	-	(6,105)	(6,105)
Transfer to Library Fund	-	-	(90,000)	(90,000)
Total Other Financing Sources (Uses)	-	-	(60,017)	(60,017)
Net Change in Fund Balances	(416,445)	(431,445)	557,740	989,185
Fund Balance - July 1, 2005	1,220,986	1,803,219	1,803,219	-
Fund Balance - June 30, 2006	\$ 804,541	\$ 1,371,774	\$ 2,360,959	\$ 989,185

ADDITIONAL INFORMATION

City of Allen Park
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2006

	Special Revenue Funds					Debt Service Fund		Total Nonmajor Governmental Funds
	Major Highway Fund	Local Highway Fund	Sidewalk Fund	Building Fund	Drug Law Enforcement Fund	Library Fund	Community Center Debt Fund	
Assets:								
Cash and Equivalents	\$ 1,094,907	\$ 582,426	\$ 7,713	\$ 56,793	\$ 432,992	\$ 170,036	\$ 75,119	\$ 2,419,986
Receivables:								
Assessments	-	-	-	-	-	-	-	-
Taxes	-	-	317	-	-	10,308	7,627	18,252
Due From Other Funds	-	25,000	1,432	43,641	6,105	71,573	54	147,805
Discount Bond Proceeds	-	-	-	-	-	-	-	-
Prepaid Expenses	-	-	-	-	-	3,603	-	3,603
Total Assets	<u>\$ 1,094,907</u>	<u>\$ 607,426</u>	<u>\$ 9,462</u>	<u>\$ 100,434</u>	<u>\$ 439,097</u>	<u>\$ 255,520</u>	<u>\$ 82,800</u>	<u>\$ 2,589,646</u>
Liabilities and Fund Balances								
Liabilities:								
Accounts Payable	\$ 3,658	\$ 11,362	\$ -	\$ 18,392	\$ 82,055	\$ 166,180	\$ -	\$ 281,647
Due to Other Funds	56,837	83,747	-	-	-	-	-	140,584
Deferred Revenue	-	-	-	-	-	74,155	-	74,155
Total Liabilities	<u>60,495</u>	<u>95,109</u>	<u>-</u>	<u>18,392</u>	<u>82,055</u>	<u>240,335</u>	<u>-</u>	<u>496,386</u>
Fund Balances:								
Designated for Debt Service	-	-	-	-	-	-	(27,507)	(27,507)
Designated for Subsequent Years	-	120,938	4,400	27,870	156,000	-	110,307	419,515
Reserved for Prepaid Expenses	-	-	-	-	-	3,603	-	3,603
Unreserved, Undesignated	1,034,412	391,379	5,062	54,172	201,042	11,582	-	1,697,649
Total Fund Balances	<u>1,034,412</u>	<u>512,317</u>	<u>9,462</u>	<u>82,042</u>	<u>357,042</u>	<u>15,185</u>	<u>82,800</u>	<u>2,093,260</u>
Total Liabilities and Fund Balances	<u>\$ 1,094,907</u>	<u>\$ 607,426</u>	<u>\$ 9,462</u>	<u>\$ 100,434</u>	<u>\$ 439,097</u>	<u>\$ 255,520</u>	<u>\$ 82,800</u>	<u>\$ 2,589,646</u>

City of Allen Park
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
June 30, 2006

	Special Revenue Funds							Debt Service Fund	Total Nonmajor Governmental Funds
	Major Highway Fund	Local Highway Fund	Sidewalk Fund	Building Fund	Drug Law Enforcement Fund	Library Fund	Community Center Debt Fund		
Revenues:									
Taxes	\$ -	\$ -	\$ 1,749	\$ -	\$ -	\$ 462,672	\$ 365,692	\$	830,113
Intergovernmental:									
State	1,289,253	465,981	-	-	-	21,768	-	-	1,777,002
Fees	-	-	-	407,068	-	94,358	-	-	501,426
Interest Income	38,077	16,850	602	6,907	19,673	4,366	3,381	-	89,856
Local Sources	-	25,000	-	15,958	8,850	1,000	-	-	50,808
Forfeited Monies	-	-	-	-	306,858	-	-	-	306,858
Total Revenues	1,327,330	507,831	2,351	429,933	335,381	584,164	369,073		3,556,063
Expenditures:									
Current:									
General Government	-	-	23,825	575,165	15,132	656,230	449		1,270,801
Highway and Streets	426,023	659,254	-	-	-	-	-		1,085,277
Debt Service:									
Principal retirements	-	-	-	-	-	-	50,000		50,000
Interest	-	-	-	-	-	-	296,163		296,163
Capital Outlay	-	-	-	29,234	379,832	2,749	-		411,815
Total Expenditures	426,023	659,254	23,825	604,399	394,964	658,979	346,612		3,114,056
Excess (Deficiency) of Revenues Over Expenditures	901,307	(151,423)	(21,474)	(174,466)	(59,583)	(74,815)	22,461		442,007
Other Financing Sources (Uses):									
Transfer In	-	569,872	-	-	6,105	90,000	102,354		768,331
Transfer Out	(569,872)	-	-	-	-	-	-		(569,872)
Bond Discount - Comm. Center Bonds	-	-	-	-	-	-	(65,000)		(65,000)
Total Other Financing Sources (Uses)	(569,872)	569,872	-	-	6,105	90,000	37,354		133,459
Excess of Revenue and Other Sources Over (Under) Expenditures and Other Uses	331,435	418,449	(21,474)	(174,466)	(53,478)	15,185	59,815		575,466
Fund Balances:									
Beginning of Year	702,977	93,868	30,936	256,508	410,520	-	22,985		1,517,794
End of Year	\$ 1,034,412	\$ 512,317	\$ 9,462	\$ 82,042	\$ 357,042	\$ 15,185	\$ 82,800		\$ 2,093,260

City of Allen Park
Motor Vehicle Highway Fund-Major
Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual - 1
July 1, 2005 to June 30, 2006

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
State of Michigan	\$ 1,339,487	\$ 1,324,487	\$ 1,289,253	\$ (35,234)
Interest Income	5,000	5,000	38,077	33,077
Total Revenues	<u>1,344,487</u>	<u>1,329,487</u>	<u>1,327,330</u>	<u>(2,157)</u>
Expenditures				
Maintenance:				
Surface	25,000	25,000	12,980	12,020
Special Street Repair	20,000	20,000	-	20,000
Sweeping	80,000	80,000	49,956	30,044
Trees & Shrubs	100,000	100,000	26,274	73,726
Roadside Clean-up	-	-	7,234	(7,234)
Grass & Weeds	35,000	35,000	21,825	13,175
Traffic Signs & Signals	35,000	35,000	48,054	(13,054)
Pavement Marking	7,000	7,000	-	7,000
Winter Maintenance	40,000	40,000	26,234	13,766
Employee Fringe Benefits:				
Routine Maintenance	80,000	80,000	32,962	47,038
Traffic Signals	12,000	12,000	7,542	4,458
Winter Maintenance	6,000	6,000	4,449	1,551
Roadside Parks:				
Maintenance	28,000	28,000	13,730	14,270
Fringe Benefits	14,000	14,000	6,966	7,034
Administration:				
Salaries	8,000	8,000	8,506	(506)
Fringe Benefits	3,000	3,000	4,404	(1,404)
Legal & Audit	1,000	1,000	-	1,000
Engineering	30,000	30,000	-	30,000
Subtotal	<u>524,000</u>	<u>524,000</u>	<u>271,116</u>	<u>252,884</u>

City of Allen Park
Motor Vehicle Highway Fund-Major
Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual - 2
July 1, 2005 to June 30, 2006

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Expenditures (Cont'd)				
Other State Highway Construction:				
Pelham Road	33,000	33,000	-	33,000
I-94 Misc. Projects	400,000	100,000	154,907	(54,907)
Bridge Inspection	5,000	5,000	-	5,000
Total Expenditures	<u>962,000</u>	<u>662,000</u>	<u>426,023</u>	<u>235,977</u>
Excess of Revenues over (under) Expenditures	<u>382,487</u>	<u>667,487</u>	<u>901,307</u>	<u>233,820</u>
Other Financing Sources (Uses):				
Transfer to MVH Local	<u>(569,872)</u>	<u>(569,872)</u>	<u>(569,872)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(569,872)</u>	<u>(569,872)</u>	<u>(569,872)</u>	<u>-</u>
Net Change in Fund Balances	<u>(187,385)</u>	<u>97,615</u>	<u>331,435</u>	<u>233,820</u>
Fund Balance - July 1, 2005	<u>687,064</u>	<u>702,977</u>	<u>702,977</u>	<u>-</u>
Fund Balance - June 30, 2006	<u>\$ 499,679</u>	<u>\$ 800,592</u>	<u>\$ 1,034,412</u>	<u>\$ 233,820</u>

City of Allen Park
Motor Vehicle Highway Fund-Local
Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual - 1
July 1, 2005 to June 30, 2006

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
State of Michigan	\$ 490,879	\$ 477,879	\$ 465,981	\$ (11,898)
Miscellaneous	-	-	25,000	25,000
Interest Income	3,000	3,000	16,850	13,850
Total Revenues	<u>493,879</u>	<u>480,879</u>	<u>507,831</u>	<u>26,952</u>
Expenditures				
Construction:				
Ramp Sidewalks	-	-	55,041	(55,041)
Maintenance:				
Surface	55,000	55,000	36,679	18,321
Special Street Repairs	20,000	20,000	9,434	10,566
Sweeping	210,000	210,000	149,457	60,543
Trees & Shrubs	250,000	50,000	74,784	(24,784)
Roadside Clean-up	-	-	14,719	(14,719)
Grass & Weeds	85,000	85,000	61,911	23,089
Traffic Signals	40,000	40,000	39,908	92
Pavement Marking	4,000	4,000	-	4,000
Winter Maintenance	100,000	100,000	64,382	35,618
Employee Fringe Benefits:				
Routine Maintenance	220,000	220,000	89,619	130,381
Traffic Signs	25,000	25,000	19,881	5,119
Winter Maintenance	20,000	20,000	9,638	10,362
Administration:				
Salaries	21,000	21,000	22,556	(1,556)
Fringe Benefits	10,000	10,000	11,245	(1,245)
Legal & Audit	1,000	1,000	-	1,000
Total Expenditures	<u>1,061,000</u>	<u>861,000</u>	<u>659,254</u>	<u>201,746</u>

City of Allen Park
Motor Vehicle Highway Fund-Local
Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual - 2
July 1, 2005 to June 30, 2006

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Excess of Revenues over (under) Expenditures	<u>(567,121)</u>	<u>(380,121)</u>	<u>(151,423)</u>	<u>228,698</u>
Other Financing Sources (Uses):				
Transfer from Motor Vehicle Highway Fund-Major	<u>569,872</u>	<u>569,872</u>	<u>569,872</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>569,872</u>	<u>569,872</u>	<u>569,872</u>	<u>-</u>
Net Change in Fund Balances	<u>2,751</u>	<u>189,751</u>	<u>418,449</u>	<u>228,698</u>
Fund Balance - July 1, 2005	<u>23,321</u>	<u>93,868</u>	<u>93,868</u>	<u>-</u>
Fund Balance - June 30, 2006	<u>\$ 26,072</u>	<u>\$ 283,619</u>	<u>\$ 512,317</u>	<u>\$ 228,698</u>

City of Allen Park
Sidewalk Fund
Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
July 1, 2005 to June 30, 2006

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Billings	\$ 85,000	\$ 1,749	\$ (83,251)
Interest Income	200	602	402
Total Revenues	<u>85,200</u>	<u>2,351</u>	<u>(82,849)</u>
Expenditures			
Sidewalk Construction Cost	70,000	13,829	56,171
Operating Supplies	1,000	12	988
Miscellaneous	200	9,984	(9,784)
Total Expenditures	<u>71,200</u>	<u>23,825</u>	<u>47,375</u>
Excess of Revenues Over(Under) Expenditures	<u>14,000</u>	<u>(21,474)</u>	<u>(35,474)</u>
Net Change in Fund Balances	<u>14,000</u>	<u>(21,474)</u>	<u>(35,474)</u>
Fund Balance - July 1, 2005	<u>25,399</u>	<u>30,936</u>	<u>5,537</u>
Fund Balance - June 30, 2006	<u>\$ 39,399</u>	<u>\$ 9,462</u>	<u>\$ (29,937)</u>

City of Allen Park
Building Fund
Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
July 1, 2005 to June 30, 2006

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Building Inspection Fees	\$ 430,000	\$ 410,000	\$ 407,068	\$ (2,932)
Interest Income	4,000	4,000	6,907	2,907
Rental Inspection Revenue	25,000	5,000	3,420	(1,580)
Other Income	-	-	12,538	12,538
Total Revenues	<u>459,000</u>	<u>419,000</u>	<u>429,933</u>	<u>10,933</u>
Expenditures				
Salaries and Fringe Benefits	339,040	122,060	347,978	(225,918)
Inspectors	52,000	60,000	96,776	(36,776)
Operating Expense	108,250	108,250	130,411	(22,161)
Capital Outlay	45,000	45,000	29,234	15,766
Total Expenditures	<u>544,290</u>	<u>335,310</u>	<u>604,399</u>	<u>(269,089)</u>
Excess (deficiency) of revenues over (under) expenditures	(85,290)	83,690	(174,466)	(258,156)
Fund Balance - July 1, 2005	167,997	256,508	256,508	-
Fund Balance - June 30, 2006	<u>\$ 82,707</u>	<u>\$ 340,198</u>	<u>\$ 82,042</u>	<u>\$ (258,156)</u>

City of Allen Park
Drug Law Enforcement Fund
Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
July 1, 2005 to June 30, 2006

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Forfeited Monies	\$ 382,000	\$ 332,000	\$ 306,858	\$ (25,142)
Interest Income	6,000	6,000	19,673	13,673
Miscellaneous	-	-	8,850	8,850
Total Revenues	<u>388,000</u>	<u>338,000</u>	<u>335,381</u>	<u>(2,619)</u>
Expenditures				
Court & Attorney Costs	1,500	1,500	512	988
Operating Supplies	-	-	13	(13)
Vehicle Maintenance	500	500	120	380
Miscellaneous	1,000	1,000	12,685	(11,685)
Telephone and Communications	-	-	1,802	(1,802)
Capital Outlay	194,850	524,850	379,832	145,018
Total Expenditures	<u>197,850</u>	<u>527,850</u>	<u>394,964</u>	<u>132,886</u>
Excess (deficiency) of revenues over (under) expenditures	190,150	(189,850)	(59,583)	130,267
Other Financing Sources (Uses):				
Transfer from General Fund	-	-	6,105	6,105
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>6,105</u>	<u>6,105</u>
Net Change in Fund Balances	190,150	(189,850)	(53,478)	136,372
Fund Balance - July 1, 2005	434,727	410,520	410,520	-
Fund Balance - June 30, 2006	<u>\$ 624,877</u>	<u>\$ 220,670</u>	<u>\$ 357,042</u>	<u>\$ 136,372</u>

City of Allen Park
Library Fund
Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
July 1, 2005 to June 30, 2006

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Current Taxes	\$ 460,000	\$ 460,000	\$ 462,672	\$ 2,672
Penalties and Fines	33,000	82,000	87,065	5,065
Local Fines	3,000	3,000	7,293	4,293
State Aid	22,000	22,000	21,768	(232)
Grants	1,000	1,000	1,000	-
Interest Income	2,000	2,000	4,366	2,366
Total Revenues	<u>521,000</u>	<u>570,000</u>	<u>584,164</u>	<u>14,164</u>
Expenditures:				
Part Time Personnel Services	40,000	40,000	44,920	(4,920)
Employer FICA	3,060	3,060	3,582	(522)
Office Supplies	5,000	5,000	12,914	(7,914)
Operating Supplies	7,500	7,500	22,299	(14,799)
Administrative Fee	37,000	37,000	37,000	-
Library Services	267,377	267,377	371,050	(103,673)
Materials	46,853	120,563	110,632	9,931
Telephone	1,500	1,500	2,380	(880)
Utilities	21,000	21,000	25,359	(4,359)
Building Maintenance	17,000	17,000	24,432	(7,432)
Equipment Maintenance	-	-	1,662	(1,662)
Capital Outlay	50,000	50,000	2,749	47,251
Total Expenditures	<u>496,290</u>	<u>570,000</u>	<u>658,979</u>	<u>(88,979)</u>
Total Revenue Over (Under) Expenditures	<u>24,710</u>	<u>-</u>	<u>(74,815)</u>	<u>(74,815)</u>
Other Financing Sources (Uses):				
Transfer from General Fund	-	-	90,000	90,000
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>90,000</u>	<u>90,000</u>
Net Change in Fund Balances	24,710	-	15,185	15,185
Fund Balance - July 1, 2005	<u>-</u>	<u>-</u>	<u>-</u>	
Fund Balance - June 30, 2006	<u>\$ 24,710</u>	<u>\$ -</u>	<u>\$ 15,185</u>	<u>\$ 15,185</u>

City of Allen Park
2003 Community Center Construction Debt Fund
Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
July 1, 2005 to June 30, 2006

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Current Taxes	\$ 340,000	\$ 340,000	\$ 365,692	\$ 25,692
Investment Interest	1,700	1,700	3,381	1,681
Total Revenues	<u>341,700</u>	<u>341,700</u>	<u>369,073</u>	<u>27,373</u>
Expenditures:				
Bond Principal	50,000	50,000	50,000	-
Bond Interest	296,163	296,163	296,163	-
Agency Fees	-	-	449	(449)
Total Expenditures	<u>346,163</u>	<u>346,163</u>	<u>346,612</u>	<u>(449)</u>
Total Revenue Over (Under) Expenditures	<u>(4,463)</u>	<u>(4,463)</u>	<u>22,461</u>	<u>26,924</u>
Other Financing Sources(Uses):				
Bond Discount - Comm. Center Bonds	-	-	(65,000)	(65,000)
Transfer from Comm. Ctr. Const. Fund	-	-	102,354	102,354
Total Other Financing Sources(Uses)	<u>-</u>	<u>-</u>	<u>37,354</u>	<u>102,354</u>
Net Change in Fund Balances	(4,463)	(4,463)	59,815	64,278
Fund Balance - July 1, 2005	<u>22,555</u>	<u>22,985</u>	<u>22,985</u>	<u>-</u>
Fund Balance - June 30, 2006	<u>\$ 18,092</u>	<u>\$ 18,522</u>	<u>\$ 82,800</u>	<u>\$ 64,278</u>

City of Ailen Park
Water and Sewer Fund
Statement of Revenue and Expense
Budget and Actual
July 1, 2005 to June 30, 2006

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Operating Revenue:				
Water Sales	\$ 2,543,100	\$ 2,543,100	\$ 2,469,494	\$ (73,606)
Water Costs	1,329,400	1,329,400	1,261,642	67,758
Net Water Operating Revenue	1,213,700	1,213,700	1,207,852	(5,848)
Sewage Sales	2,550,900	2,550,900	2,582,243	31,343
Sewage Costs	1,549,100	1,549,100	1,543,612	5,488
Net Sewer Operating Revenue	1,001,800	1,001,800	1,038,631	36,831
Operating Revenue Net of Cost	2,215,500	2,215,500	2,246,483	30,983
Other Operating Revenue	273,000	273,000	635,822	362,822
Total Operating Revenue Net of Cost	2,488,500	2,488,500	2,882,305	393,805
Operating Expense:				
Operations	2,469,595	2,466,595	1,804,445	662,150
Depreciation	1,000,000	1,000,000	1,063,044	(63,044)
Total Operating Expense	3,469,595	3,466,595	2,867,489	599,106
Net Income (Loss) from Operations	(981,095)	(978,095)	14,816	992,911
Other Income (expense):				
Interest Income	75,000	75,000	129,651	54,651
Interest Expense	(259,650)	(259,650)	(402,119)	(142,469)
Bond Principal	(150,000)	(150,000)	-	150,000
Bond Proceeds	4,000,000	4,000,000	-	(4,000,000)
ECPAD Reimbursement - Wayne County	-	-	791,339	791,339
Consent Judgment-Expense	(1,503,079)	(1,503,079)	(1,871,462)	(368,383)
Consent Judgment-Sewers	1,503,100	1,503,100	3,801,764	2,298,664
Total Other Income (Expense)	3,665,371	3,665,371	2,449,173	(1,216,198)
Net Income (Loss)	\$ 2,684,276	\$ 2,687,276	\$ 2,463,989	\$ (223,287)

City of Allen Park
Water and Sewer Fund
Ecorse Creek Basin
Statement of Revenue and Expense
Budget and Actual
July 1, 2005 to June 30, 2006

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Operating Revenue:				
Flat Charge	\$ 389,000	\$ 389,000	\$ 392,929	\$ 3,929
Flow Charge	92,000	92,000	95,738	3,738
Total Operating Revenue	<u>481,000</u>	<u>481,000</u>	<u>488,667</u>	<u>7,667</u>
Operating Expense:				
Personal Services	97,000	97,000	150,563	(53,563)
Administration	-	-	35,728	(35,728)
Overtime	24,000	24,000	33,814	(9,814)
Clothing & Cleaning Allowance	-	-	152	(152)
Employer FICA	9,390	9,390	16,522	(7,132)
Employee Benefits	23,320	23,320	31,538	(8,218)
Longevity	1,800	1,800	-	1,800
Retirement Contribution	103,340	103,340	53,973	49,367
Compensated Absences	-	-	16,647	(16,647)
Workers Compensation	9,200	9,200	3,710	5,490
Equipment Rental	1,000	1,000	-	1,000
Office Supplies	1,000	1,000	2,359	(1,359)
Operating Supplies	1,000	1,000	180	820
Contract Services	5,000	5,000	18,239	(13,239)
Telephone	4,000	4,000	4,435	(435)
Insurance	10,000	-	-	-
Fire & Liabilities Insurance	10,000	10,000	10,126	(126)
Consulting Engineers	-	-	35,567	(35,567)
Utilities	55,000	55,000	68,392	(13,392)
Miscellaneous	5,000	5,000	623	4,377
Depreciation	70,000	70,000	134,150	(64,150)
Total Operating Expense	<u>430,050</u>	<u>420,050</u>	<u>616,718</u>	<u>(196,668)</u>
Maintenance Expense:				
Building	15,000	15,000	2,830	12,170
Equipment	15,000	15,000	30,885	(15,885)
Equipment Rental	-	1,000	-	1,000
Vehicle	6,000	6,000	5,989	11
Sewers	110,000	110,000	4,283	105,717
Fairlane/Independence Mkt Stations	-	-	1,389	(1,389)
Total Maintenance Expense	<u>146,000</u>	<u>147,000</u>	<u>45,376</u>	<u>101,624</u>
Total Expense	<u>576,050</u>	<u>567,050</u>	<u>662,094</u>	<u>(95,044)</u>
Net Income (Loss) From Operations	<u>(95,050)</u>	<u>(86,050)</u>	<u>(173,427)</u>	<u>(87,377)</u>
Other Income (Expense):				
Intergovernmental Charges	(60,000)	(60,000)	(165)	59,835
Total Other Income (Expense)	<u>(60,000)</u>	<u>(60,000)</u>	<u>(165)</u>	<u>59,835</u>
Net Income (Loss)	<u>\$ (155,050)</u>	<u>\$ (146,050)</u>	<u>\$ (173,592)</u>	<u>\$ (27,542)</u>

City of Allen Park
Water and Sewer Fund/Ecorse Creek Basin
Statement of Revenue, Expense and
Changes in Net Assets - Budget and Actual
July 1, 2005 to June 30, 2006

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Net Income (Loss):				
Water & Sewer Operating Schedule	\$ 2,684,276	\$ 2,687,276	\$ 2,463,989	\$ (223,287)
Ecorse Creek Basin Operating Schedule	(155,050)	(146,050)	(173,592)	(27,542)
Net Income (Loss) for the System	2,529,226	2,541,226	2,290,397	(250,829)
Net Assets, July 1, 2005	15,627,058	15,627,058	15,627,058	-
Net Assets, June 30, 2006	\$ 18,156,284	\$ 18,168,284	\$ 17,917,455	\$ (250,829)

City of Allen Park
Downtown Development Authority Fund
Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
July 1, 2005 to June 30, 2006

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Current Taxes	\$ 1,027,000	\$ 971,000	\$ 1,000,164	\$ 29,164
Rental Income	4,800	4,800	5,221	421
Investment Interest	9,000	46,000	52,258	6,258
Miscellaneous Income	6,200	6,200	5,667	(533)
Total Revenue	<u>1,047,000</u>	<u>1,028,000</u>	<u>1,063,310</u>	<u>35,310</u>
Expenditures:				
Personal Service	47,000	47,000	23,795	23,205
Employer FICA	3,600	3,600	2,903	697
Employee Benefits	11,649	11,649	20,060	(8,411)
Office Supply	1,200	1,200	454	746
Engineering Services	100,000	-	-	-
Administrative Fee	12,500	12,500	-	12,500
Management Services	200,000	200,000	244,658	(44,658)
Audit & Financial Service	22,500	22,500	36,572	(14,072)
Legal Services	42,000	30,000	8,318	21,682
Printing & Publishing	2,000	2,000	756	1,244
Fire & Liability Insurance	4,000	4,000	-	4,000
Utilities/Telephone	32,000	32,000	19,773	12,227
Building Maintenance	77,500	77,500	74,357	3,143
Rent	18,000	18,000	19,085	(1,085)
Memberships & Dues	1,500	1,500	1,665	(165)
Marketing & Promotions	10,000	10,000	6,673	3,327
Tax Adjustments	2,000	2,000	28,564	(26,564)
Economic Restruct	5,000	5,000	-	5,000
Design Committee	50,000	1,000	130	870
Miscellaneous	15,000	15,000	9,893	5,107
Total Expenditures	<u>657,449</u>	<u>496,449</u>	<u>497,656</u>	<u>(1,207)</u>
Total Revenue Over (Under)				
Expenditures	<u>389,551</u>	<u>531,551</u>	<u>565,654</u>	<u>34,103</u>
Other Financing Sources (Uses):				
Transfer to D.D.A. Bond	890,000	(551,000)	(501,000)	50,000
Proceeds from Sale of fixed assets				
Debt Retirement Fund				
Total Other Financing Sources (Uses)	<u>890,000</u>	<u>(551,000)</u>	<u>(501,000)</u>	<u>50,000</u>
Net Change in Fund Balances	1,279,551	(19,449)	64,654	84,103
Fund Balance - July 1, 2005	<u>1,852,745</u>	<u>1,913,337</u>	<u>1,913,337</u>	<u>-</u>
Fund Balance - June 30, 2006	<u>\$ 3,132,296</u>	<u>\$ 1,893,888</u>	<u>\$ 1,977,991</u>	<u>\$ 84,103</u>

City of Allen Park
1992 D.D.A. Bond Debt Retirement Fund
Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
July 1, 2005 to June 30, 2006

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Investment Interest	\$ 6,000	\$ 15,066	\$ 9,066
Total Revenues	<u>6,000</u>	<u>15,066</u>	<u>9,066</u>
Expenditures:			
Bond Principal	310,000	310,000	-
Bond Interest	300,000	236,745	63,255
Agency Fees	1,000	361	639
Total Expenditures	<u>611,000</u>	<u>547,106</u>	<u>63,894</u>
Total Revenue Over (Under) Expenditures	<u>(605,000)</u>	<u>(532,040)</u>	<u>72,960</u>
Other Financing Sources(Uses):			
Transfer from D.D.A. Fund	890,000	501,000	(389,000)
Total Other Financing Sources(Uses)	<u>890,000</u>	<u>501,000</u>	<u>(389,000)</u>
Net Change in Fund Balances	285,000	(31,040)	(316,040)
Fund Balance - July 1, 2005	<u>367,708</u>	<u>380,102</u>	<u>12,394</u>
Fund Balance - June 30, 2006	<u>\$ 652,708</u>	<u>\$ 349,062</u>	<u>\$ (303,646)</u>

City of Allen Park
Downtown Development Authority
Construction Fund
Statement of Revenues, Expenditures and
Changes in Fund Balance
July 1, 2005 to June 30, 2006

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Investment Interest	65,000	65,000	186,731	121,731
Total Revenues	<u>65,000</u>	<u>65,000</u>	<u>186,731</u>	<u>121,731</u>
Expenditures:				
Construction Costs	2,100,000	2,100,000	530,422	1,569,578
Total Expenditures	<u>2,100,000</u>	<u>2,100,000</u>	<u>530,422</u>	<u>1,569,578</u>
Total Revenue Over (Under) Expenditures	<u>(2,035,000)</u>	<u>(2,035,000)</u>	<u>(343,691)</u>	<u>1,691,309</u>
Net Change in Fund Balances	(2,035,000)	(2,035,000)	(343,691)	1,691,309
Fund Balance - July 1, 2005	<u>1,371,534</u>	<u>3,635,121</u>	<u>3,635,121</u>	<u>-</u>
Fund Balance - June 30, 2006	<u>(663,466)</u>	<u>1,600,121</u>	<u>3,291,430</u>	<u>1,691,309</u>

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MICHIGAN ASSOCIATION OF
CERTIFIED PUBLIC ACCOUNTANTS

October 11, 2006

The Honorable Mayor and
Members of the City Council
The City of Allen Park
16850 Southfield Road
Allen Park, Michigan 48101

In planning and performing our audit of the financial statements of The City of Allen Park for the year ended June 30, 2006, we considered the City's internal control in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal control.

During our audit, we became aware of certain matters that are opportunities for strengthening internal controls and operating efficiency.

The following is the comment and recommendation that we have at this time:

1. Comment

We noted that three activities in the general fund and some activities in other non-major funds were over expended as compared to the budget

Recommendation

The city approves its budget at the activity level; therefore, budget adjustments should be made prior to the fiscal year ended June 30, 2006 to remain in compliance with the Budgeting Act.

The above comment and recommendation is presented for your consideration. If there are any questions regarding the matters of internal control, we would be glad to discuss them with you at your earliest convenience.

We would, however, like to make you aware of some of the new rules and information regarding local governments which is now being instituted.

The Honorable Mayor and
Members of the City Council
The City of Allen Park
October 11, 2006
Page Two

Cash Management - Federal Awards

The Michigan Department of Treasury has recently been notified that it, along with all other states, has misinterpreted the advance provision of the Cash Management Improvement Act (CMIA). The United States Department of Treasury started monitoring and auditing CMIA compliance and is notifying sub-recipients that advances are limited to three days cash needs. In other words, funds must be spent by the local government within 72 hours of being drawn down from the USDE GAPS system. Because of this new awareness, the department will no longer allow thirty-day cash advances for ongoing programs during fiscal year 2006/2007. Thirty-day cash advances may be permitted for new one-time federal grant programs at the discretion of program management.

We recommend the City, when dealing with grants, request funds on a reimbursement basis in order to ensure compliance with the revised cash management interpretation.

New Auditing Standards

Recently, 10 new auditing standards have been released and will become effective over the City's next two fiscal years. In reviewing the new standards, we do not believe, for the most part, they will have a significant impact on our overall audit approach. However, two of the new standards may directly impact the City beginning with the June 30, 2007 year-end.

One of the new standards revises the dating of the auditors' report. Under the old standards, the auditors' report was dated the last day of fieldwork. The new standards define the date as the date adequate audit evidence is obtained. Adequate audit evidence is now being interpreted as including the client's approval of draft financial statements. Although the dating of the report may seem trivial to non-auditors, it does have an impact on auditors' subsequent events work (June 30 through the date of the auditors' report). The impact to the City could be if there was a long period of time needed to resolve certain open issues. This would extend the dating of the auditors' report and increase the amount of work we need to complete our subsequent events work.

Another standard effective for the June 30, 2007 year-end is related to our communications with the client. The new standard retained the definition of a "material weakness" and added two new categories of deficiencies "significant deficiency" and "control deficiency". Certain situations were included as examples of strong indicators of significant deficiencies and possibly material weaknesses. One of the situations is the client is unable to write financial statements, including the footnotes, in accordance with

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Members of the City Council
The City of Allen Park
October 11, 2006
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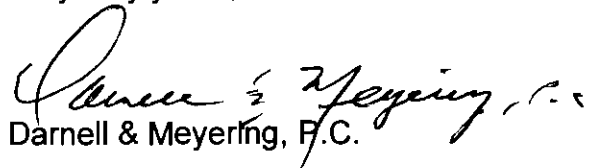
generally accepted accounting principles. Historically, we have prepared the financial statements and footnotes for the City. We will have to evaluate the City's ability to produce appropriate financial statements and footnotes and, accordingly, if any control deficiencies exists.

Lastly, the Governmental Accounting Standards Board has recently released *Statement No. 45, Accounting and Reporting by Employers for Postemployment Benefits Other than pensions*. The new pronouncement provides guidance for local units of government in recognizing the cost of retiree health care, as well as any "other" postemployment benefits other than pensions. The new rules will cause the government-wide financial statements to recognize the cost of providing retiree health care coverage over the working life of the employee, rather than at the time health care premiums are paid. The new pronouncement is effective for all original Phase 2 Local units (Allen Park) for the fiscal year ending June 30, 2009.

This report is intended solely for the information and use of The City of Allen Park, management, and others within the Organization, and is not intended to be and should not be used by anyone other than these specified parties.

We appreciate the cooperation we received from your staff during our engagement and the opportunity to be of service.

Very truly yours,


Darnell & Meyerling, P.C.